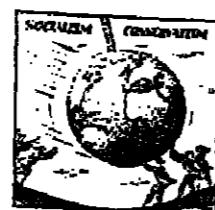


FRIDAY 7 1993

## Saddam Hussein

Time is on his side

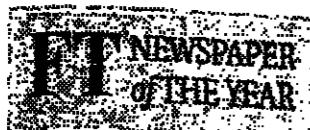
Page 3



## Markets still matter

Why the world's conservative revolution is not over

Page 12



Europe's Business Newspaper

## Van den Broek and Brittan try to settle differences

The European Commission's effort to beef up the EC's foreign affairs portfolio has run into difficulties, with Sir Leon Brittan, the commissioner responsible for trade relations, and Hans van den Broek, who holds the external political portfolio, jockeying for power.

Officials described as amicable talks the two held to clear up the confusion but predicted Commission president Jacques Delors would have to step in to settle their differences. Page 2

**Asset switch:** The Chinese government's main domestic and international investment agency unveiled a HK\$10bn (\$1.29bn) asset reshuffle which will see its listed Hong Kong entity take a 12 per cent interest in Hong Kong Telecom and controlling stakes in power stations on the Chinese mainland. Page 15; Private sector in China, Page 13

**Virgin on verge of libel victory**

Virgin Atlantic, the independent British airline run by Richard Branson (left), is expected to emerge next week as the victor in its "dirty tricks" libel battle with British Airways. It is understood that, under the terms of an agreement, to be announced in court, BA will pay substantial damages and several million pounds in costs to Virgin Atlantic and Mr Branson. Report and Lex, Page 14; Airbus steps up Japanese discussions, Page 4; France confirms Taiwan jets sale, Page 4; Deal sought on US-UK air links, Page 6

**Passive smoking deaths:** About 3,000 US non-smokers die from lung cancer caused by exposure to tobacco fumes each year according to a report from the federal agency responsible for air and water quality. Page 14

**Nedlloyd:** Dutch transport group, said Torstein Hagen, the Norwegian investor who was admitted to the supervisory board in October after a long battle with the company's management, has resigned his seat. Page 17

**Peace pleads:** Cyrus Vance and Lord Owen, the international mediators, have called for Serbian president Slobodan Milosevic to attend "last chance" peace talks on Bosnia-Herzegovina, due to resume in Geneva on Sunday. Page 14

**American Telephone & Telegraph:** angered by an alliance between rival MCI Communications and Canada's dominant telephone consortium, has forged an alliance of its own with Unitel Communications of Toronto, the newest company in the Canadian long-distance market. Page 15

**Oil warnings:** Indonesia's President Suharto, unveiling the 1993-94 budget which included the removal of Rp3,000bn (\$1.45bn) in fuel oil subsidies, said the country should prepare for a fundamental change in the economy when, by the end of the century, it becomes a net oil importer. Page 3

**Israeli move:** Israel made its first concession on the fate of 415 Palestinians expelled to south Lebanon, agreeing to allow two Red Cross officials to visit the encampment housing the alleged Islamic fundamentalist militants. Page 3

**IRI:** Italian state holding company, is to break up and partially dispose of its SME foods, catering and retailing unit what could be one of the country's biggest sales this year. Page 15

**Nokta:** The Finnish electronics group said it had won an FM700m (\$134.7m) order for a digital telephone system from Malaysia, in a move which strengthens the company's position in the expanding Asia-Pacific market. Page 4

**Defence fears:** US president-elect Bill Clinton's choice to be the next defence secretary warned that the new administration might find it difficult to cut defence spending by only as much as projected by departing president George Bush, let alone achieve the bigger savings Mr Clinton called for in his election campaign. Page 5

**Marines attack:** US marines dealt a devastating military blow to Gen Mohamed Farrar Aideed, Somalia's strongest warlord, seizing a huge arsenal of tanks, armoured personnel carriers, battle wagons and heavy artillery pieces in a dawn attack in Mogadishu. Page 3; Picture, Page 14

**Talks speeding up:** The next two weeks will see a sharp increase in the tempo of negotiations to agree a "solidarity pact" in Germany between central and local government, opposition, trade unions and employers. Page 2

**Stock market indices**

FTSE 100 2,818.5 (-9.5)

Yield 4.31

FTSE Eurotrack 100 1,081.92 (-4.7)

FTA All-Shares 1,362.73 (-4.19)

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FTA

# Germany cedes the lead on European rates

David Marsh on how inflation robbed Frankfurt of its place as the EC's interest policy model

**D**URING most of the 14 years of operation of the European Monetary System (EMS), one country habitually has had the EC's lowest short-term interest rates: Germany.

As part of the seismic shift in the European monetary landscape caused by the strains of German re-unification, that has changed.

Beset by an inflation rate of close to 4 per cent – twice as high as the Bundesbank would like – and a high budget deficit, Germany has lost its place as the Community's interest rate paradigm.

With Europe suffering its period of slowest growth for more than a decade, all countries are easing their monetary policies. But Germany – as was underlined by the low-profile action from the Bundesbank yesterday – is adopting a more cautious stance than the others.

D-Mark interest rates are therefore being undercut by a number of countries both within and outside the exchange rate mechanism.

The Bundesbank's main obligation is to control German

inflation, not to solve the difficulties of weaker currencies in the EMS. The central bank is still far from confident that German inflationary pressures have been brought under control.

Among the 17 members of the EC and the European Free Trade Association, only five – Austria (4.1 per cent), Italy (4.7 per cent), Spain (5.2 per cent), Portugal (8.7 per cent) and Greece (15.9 per cent) – have higher inflation rates than Germany's 3.8 per cent.

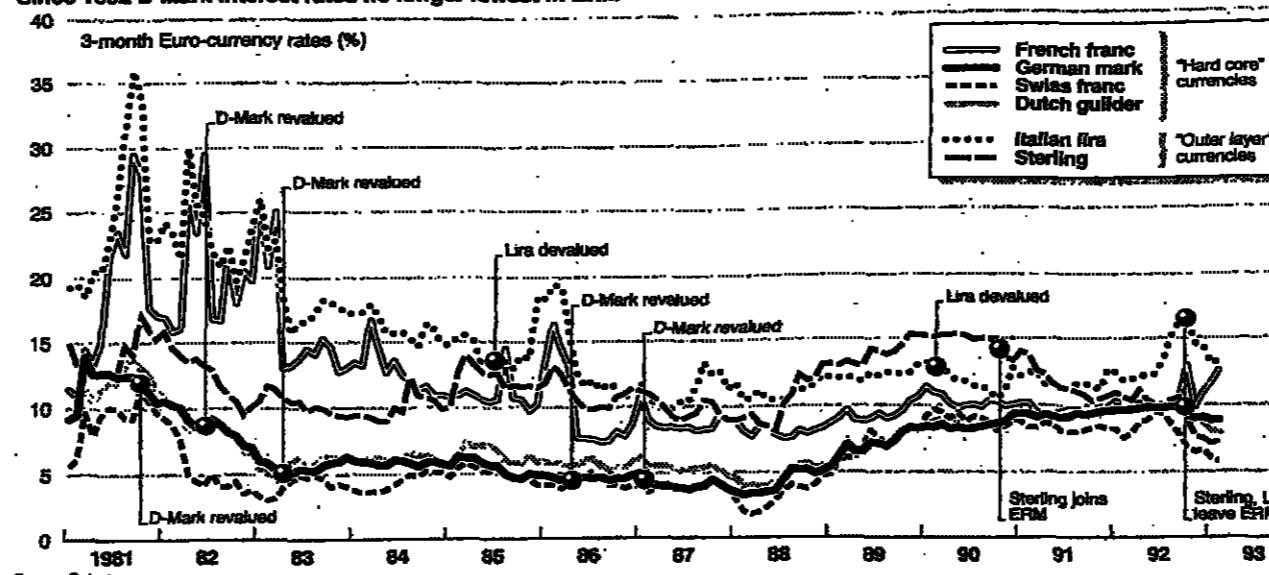
Yesterday's cuts in Dutch and Belgian official interest rates illustrate a trend in evidence since December 1991. Whereas in the past the Bundesbank's monetary moves nearly always triggered identical policy action in neighbouring countries, other EMS members are now able to take a more independent line.

The same is true of Switzerland and Austria, two countries outside the EMS which traditionally have kept their currencies and their monetary policies closely aligned to Germany's.

Hours before the Bundesbank's council completed its

## How European interest rates have converged

Since 1992 D-Mark interest rates no longer lowest in ERM



Source: Datastream

deliberations, Switzerland felt bold enough to cut its discount rate 0.5 percentage points to 5.5 per cent, taking it 2.5 points below the corresponding German level.

Within the EMS, Germany has now four "hard core" partners which have kept their exchange rates close to the D-Mark in recent years: the Netherlands, Belgium/Luxem-

bourg, France and Denmark. The first two now have lower short-term interest rates than those in Germany.

Yesterday, three-month Euro-D-Mark rates stood at 8.5 per cent, against 8.3 per cent for the Belgian franc and 8.2 per cent for the guilder.

The Dutch and Belgian central banks have been able to act independently of the Bundesbank in making several successive cuts in key interest rates since September's European monetary unrest.

The Belgian National Bank, which formally pegged its currency to the D-Mark in 1990, stressed yesterday that it acted "in concert" with the Netherlands central bank.

Both the Dutch and the Belgians justified their action on

the grounds of their currencies' strength within the exchange rate mechanism. Both central banks this week have had to intervene to support the Irish punt.

Explaining that the guilder's external strength gave the Nederlandsche Bank more leeway to cut rates, a Dutch official said yesterday: "We are abiding by the rules of the

European monetary system.

A spokesman for the Swiss National Bank yesterday underlined how the bank was taking no risks yesterday in cutting the discount rate. "We are confident that the Swiss franc will remain a stable currency this year," he said.

Additional reporting: Ian Rodger in Zurich and Andrew Hill in Brussels

game. We are at the top of the ERM grid."

The Swiss National Bank's go-it-alone move on the discount rate marks a further attempt to take advantage of the central bank's small margin of monetary policy independence.

In December 1991, the bank decided not to follow the Bundesbank when it raised its rates by 0.5 percentage points. But the Swiss franc fell rapidly once the gap with German rates widened – leading the National Bank to drive up interest rates and rein in monetary growth in the early summer.

After the autumn monetary unrest revived the Swiss franc's attractiveness as a haven currency, it strengthened considerably. Furthermore, amid continued recession in the Swiss economy, the Swiss National Bank's main target, the monetary base, showed a 1 per cent contraction between the fourth quarters of 1991 and 1992.

A spokesman for the Swiss National Bank yesterday underlined how the bank was taking no risks yesterday in cutting the discount rate. "We are confident that the Swiss franc will remain a stable currency this year," he said.

Explaining that the guilder's external strength gave the Nederlandsche Bank more leeway to cut rates, a Dutch official said yesterday: "We are abiding by the rules of the

## Asylum law may face delay

By Judy Dempsey in Bonn

PARLIAMENTARY approval of constitutional amendments to Germany's liberal asylum laws is expected to be postponed until next month because of concern among legal experts that they are incompatible with the European Community's Dublin and Schengen agreements.

Those agreements, yet to be ratified by all EC member states, are aimed at regulating the status of refugees in any EC country. In essence, they state that the EC country which issues a visa to a refugee or would-be asylum seeker, is responsible for that person even if he or she enters another EC country in transit.

However, amendments worked out last December between the ruling Christian Democratic Union/Christian Social Union and Free Democrats coalition government, and the opposition Social Democratic party in response to the rise in right-wing violence against foreigners, might mean that Germany would not be able to participate in the Dublin and Schengen agreements.

One main amendment to the asylum law, enshrined in Article 18 of the constitution, says Germany has the right to send back any person entering the country from a safe neighbouring third country, including Poland, the Czech Republic and the Slovak Republic. Over 70 per cent of asylum seekers arrive in Germany by land, some 10 per cent through airports.

Even if the asylum law is passed by the Bundestag, or further amendments are made to conform with the Dublin and Schengen agreements, FDP officials in particular, argue these will not curb extreme right-wing nationalist movements, or reduce the sense of alienation among the country's 6m foreigners who have no citizenship rights.

## 'No more nuclear arms cuts for now'

By David White, Defence Correspondent

THE VEXED issue of whether British and French nuclear arsenals should be included in the arms control process may not have to be addressed for some years, a senior US official indicated yesterday.

Mr Ronald Lehman, director of the US Arms Control and Disarmament Agency, said he did not expect a further round of nuclear arms cuts for the time being. Implementation of this month's Start 2 treaty, designed to reduce US and Soviet strategic stockpiles to 3,000-3,500 warheads each, would "keep us quite busy".

The priority for the US was to reach agreement on help to Russia so that the Start cuts, not due to be completed until 2003, could be accelerated. On widening nuclear disarmament, he said: "We have had enough difficulty dealing with the US, the Soviet Union and now Russia. It may be a bit premature talking about the next leap."

The Start 2 pact rested on assuming all strategic weapons held in Ukraine, Belarus and Kazakhstan would be gone within the seven-year completion period of the original Start 1 pact of 1991. Speaking on a Worldnet satellite TV link, Mr Lehman was sure Ukraine would join the Nuclear Non-Proliferation Treaty. The US had pledged that all short-range nuclear arms formerly dispersed around the Soviet Republics had been accounted for.

## Danish stores in frontier fightback

By Hilary Barnes in Copenhagen

DANISH retailers have launched an offensive to stop their customers exploiting the European single market to buy goods more cheaply south of the border in Germany.

Service-Ringen, a Copenhagen-based stores chain specialising in electrical goods, is leading the campaign to circumvent a 10 point difference in German and Danish rates of value added tax.

The group is inviting customers to choose goods at one of its Danish stores. Delivery is then made from one of its outlets in Germany, where VAT is only 6 per cent, against 25 per cent in Denmark.

The purchases carry normal Danish guarantees and service contracts. Mr Ken Zillmer, the group's managing director, said customers making typical purchases were saving between Dkr300 (\$48) and Dkr500 in VAT.

Sales are "excellent", he said. "We know that our customers will run hard just to save Dkr100. Now that they can save Dkr500, they are running even harder."

The customer has to pay for transport. Under EC rules, laid down to prevent mail order

houses exploiting VAT differences, German stores are not allowed to provide transport to a Danish address.

However, transport companies are displaying advertisements in Service-Ringen stores offering to bring back purchases from Germany to Denmark for Dkr170, including VAT at the German rate. Other leading Danish stores selling furniture, carpets and electrical goods are watching Service-Ringen's venture with a view to starting up their own German supply system. The Fleggaard group, which operates stores just south of the border with Germany, will accept orders for electrical goods by telephone. It is also offering to sell yacht sailors made by one of Denmark's top-flight sail-makers, allowing thousands of kroner in VAT savings.

Fleggaard plans to offer Danes savings on goods purchased at any store in Denmark, provided they spend at least Dkr20,000.

A Fleggaard company in Denmark will buy the goods from the Danish store, resell it to its German store, and invoice the customer from Germany. The legality of this system is still being discussed.

Danish retailers' aim is to persuade the Danish government to lower the VAT rate. However, Mr Peter Baxtofte, minister for taxation, said, "We are keeping an eye on the situation, but we have no plans to change the VAT rate."

## Bonn to speed talks on pact

By Quentin Peel in Bonn

THE next two weeks will see a sharp increase in the tempo of negotiations to agree a "solidarity pact" in Germany, between central and local government, opposition, trade unions and employers, before the end of the month.

Senior officials said yesterday that Chancellor Helmut Kohl remained committed to the idea of a broad agreement on budget cuts, wage restraint and increased private-sector investment, in order to boost the east German economy.

It would be submitted to the parties in the German Bundestag by the end of January.

A deal is seen as essential to pave the way for a cut in interest rates by the Bundesbank. The bank has been insisting on clear evidence of wage restraint from the unions, and budget discipline from central and local government, before it relaxes its tight monetary policy.

Government and trade union officials dismissed claims yesterday by opposition Social Democrats that the negotiations had collapsed because of the insistence of Mr Kohl and Mr Theo Waigel, his finance minister, that savings must include significant cuts in social spending.

The need for social spending cuts is one main conflict area, while another is how to share the burden of spending cuts between the central government, the 16 federal Länder, and local authorities. How far

## Jobless total grows in western Germany

By Christopher Parkes in Frankfurt

THE combined effects of harsh winter weather and recession pushed 150,000 west Germans out of work last month, raising the jobless total to more than 2m. Numbers on short time surged by 180,000, the federal labour office said yesterday.

Mr Heinrich Franke, labour office president, who recently forecast average unemployment this year of 2.1m, blamed the weather for the sharp increase. The seasonally-adjusted total for December was 1.97m, up just 20,000, he said.

However, the critical underlying trend in the labour market was highlighted by the jump in short-time working and figures from the federal statistics office which showed that numbers employed in the west fell during November for the first time since the mid-1980s.

The problem remains to define which industries can be saved, and how long to give them to restructure before cutting off support.

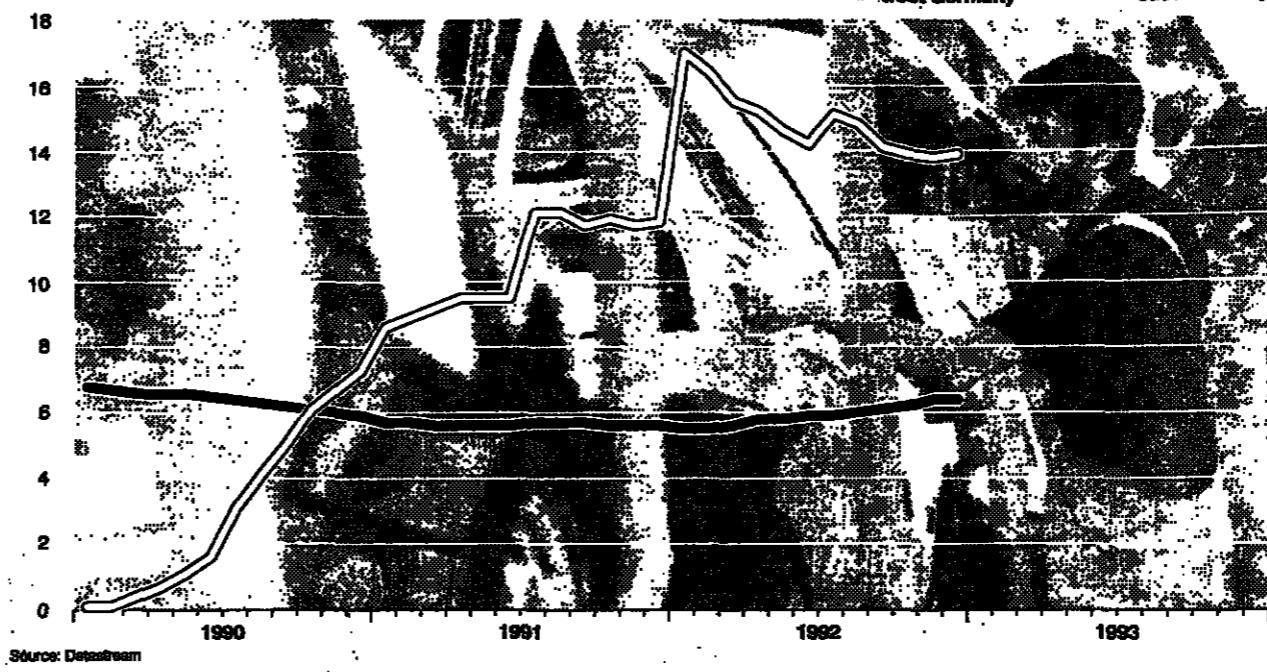
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Some 650,000 people were already laid off during the month compared with 478,000 in November and 173,000 in December, 1991. The figure was swollen by leading vehicle makers which sent workers

## Combination of recession and harsh weather adds to job cuts and short-time working

### German unemployment



Volkswagen staff are among many carworkers in Germany taking an extended Christmas break, with short time working expected to continue until the spring. The numbers on short time surged by 180,000 last month

home before Christmas for extended breaks.

According to the labour office, the average unemployment rate in west Germany last year was 6.4 per cent compared with 5.7 per cent in 1991.

In the former East Germany the number unemployed in December was 1.1m, barely a real 10.5 per cent lower than a year earlier and 0.6 per cent down on October, the economic ministry said yesterday.

A comparison of aggregate orders received in October and November with the previous

month. The labour market was "stagnant," he said, and there was still no sign of any improvement.

Western industry's plight was further underlined by a renewed fall in incoming orders. The value of new contracts signed in November was a real 10.5 per cent lower than a year earlier and 0.6 per cent down on October, the economic ministry said yesterday.

Two months showed a 6 per cent stump and a 9.4 per cent decline against the comparable period in 1991.

The growth in unemployment was yesterday linked to an estimated 10 per cent rise last year in the number of crimes committed in Germany, a top policeman said yesterday.

Mr Hans-Ludwig Zachert, head of Germany's Federal Crime Office, said early figures showed nearly 6m crimes in all of Germany in 1992, a record number, compared with 5.3

million the year before.

He said the police, especially in economically depressed east Germany where only 30 per cent of cases were solved, were failing to keep up with the crime wave.

This further rise in crime is characterised by an enormous burst of aggression," Mr Zachert said. "More and more perpetrators, especially during robberies, are markedly brutal. In 1992 there was more shooting and more threats using arms than ever before."

## French industry given FFr11bn VAT lifeline

By William Dawkins in Paris

THE French government yesterday threw a FFr11bn (\$2bn) lifeline to businesses, to help them through the high interest rates needed to defend the franc.

Mr Pierre Bérégovoy, the prime minister, announced that companies will be able to claim back a proportion of value added tax on their monthly purchases faster than

before. Companies can in their first VAT returns deduct 10 per cent of the VAT due on their January purchases, on top of the deductions on December purchases, that would normally figure in next month's returns.

They will be able to make the same advance deductions in future months, said Mr Bérégovoy. This would "lighten company charges and limit the consequences of the temporary

rise in interest rates," said the Budget Ministry.

The measure received a cool welcome from the Patronat employers' association, which called it "partial and limited" despite the fact that employers lobbied unsuccessfully for just such assistance in last autumn's budget. It will further increase the current year's government deficit, already set at FFr165bn in the budget.

Mr Franke pointed out that a further 355,000 easterners were still occupied in state-funded work-creation schemes during

the month. The labour market was "stagnant," he said, and there was still no sign of any improvement.

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sales, German stores are not

In spite of the latest sabre rattling by the west, Saddam Hussein continues to call the tune

## Dangers behind the stand-off with Iraq

By Roger Matthews,  
Middle East Editor

**THE PERVERSITY** of Middle East politics makes it probable that the longer the confrontation lasts between President Saddam Hussein and the western allies the greater will be the benefit to the Iraqi leader and others who want to undermine the more conservative regimes in the region.

The US, Britain and France would be bound to react militarily if surface-to-air missiles were to remain in the exclusion zone imposed south of the 32nd parallel last August. The missiles threaten allied aircraft and, like yesterday's skirmish at the Kuwaiti border, appear designed to provoke a response.

Limited air strikes against the missile batteries would make little difference to the situation on the ground and will not assist the Shi'ite population in the south. Politically it seems unlikely to hasten Mr Saddam's departure.

However, in the wider

Islamic context, any allied action could be presented in a very partial light. Further bombing of Mr Saddam's forces will contrast sharply with the perceived Allied indifference to the fate of Moslems in former Yugoslavia. Such vigorous western insistence on Iraqi compliance with UN resolutions will be set alongside the toleration of Israel's rejection of UN resolution 799 demand-

ing that it Israel takes back 415 Palestinians it ejected from the occupied territories.

The west's friends in the Middle East were unhappy about the southern air exclusion zone when it was imposed. They feared the start of a process which would divide Iraq into three: the autonomous Kurdish region in the north, the Shi'ite in the south, and the central portion controlled from

Baghdad.

Iranian officials point out that the two air exclusion zones incorporate the areas where Iraq's main oil fields and pumping stations are located, Kirkuk in the north and Basra in the south. They choose to see the US-led action as an extension of its policy to secure control of Middle East oil supplies, with Kuwait and Saudi Arabia having already in

effect been militarily occupied. Kuwait, which will always feel vulnerable to its northern neighbour, is the only Gulf country which fully backs an American military presence. The fear for other countries, in particular Saudi Arabia, is that the allied air forces and navies are becoming a fixture.

After the Kuwait crisis it was with a sense of huge relief that the ruling family in Saudi

Arabia watched the bulk of the US forces depart. The financial damage to the nation's exchequer had been substantial but the social and political fabric had survived with no more than a containable backlash from the more extreme clergy.

Evidence of Saudi sensitivity to international attention was again evident when visa requests from American journalists were refused last summer as US aircraft returned to Saudi bases to police southern Iraq.

Now, more than ever, there is no obvious cut-off point or moment when victory could be declared and the Shi'ites said to be safe from persecution. Worse than that, Saddam Hussein will see it in his interest to keep a US military force in the region as a way of deflecting attention in Baghdad from worsening economic conditions. In such an open-ended situation it is the Iraqi leader who can call the tune, while it may be the western allies who ultimately suffer more from their response.

### ALLIES CONFIDENT OF AIR SUPERIORITY

**THE US**, France and Britain have been able to wield the threat of overwhelming air power to back up the UN's ultimatum to Iraq over the recent deployment of anti-aircraft missiles in the country's southern no-fly zone, writes David White, Defence Correspondent. More than 200 US, French and British combat aircraft deployed within striking distance of Iraq provide a force considered by the US

defence department to be easily sufficient for a punitive action. Three-quarters of these fighters and bombers are based in Saudi Arabia, including 20 F-117A "Stealth" aircraft, the type that led the air attacks on Baghdad in January 1991 - stationed at the southwestern base of Khamsi Mushayt. Aircraft concentrated at Dhahran in eastern Saudi Arabia include six British Tornado bombers recently arrived from Bruggen in Germany, and eight French Mirage

2000 fighters. The three allies also have some 52 combat aircraft at Incirlik in southeastern Turkey. The US also has specialised anti-radar aircraft in place - versions of the F-111 and F-4 - equipped with jamming equipment and Harm anti-radar missiles. Other aircraft at Dhahran include six British Tornado bombers recently arrived from Bruggen in Germany, and eight French Mirage

### NEWS IN BRIEF

#### Tokyo home prices in biggest fall since 1979

**RESIDENTIAL** property prices in Tokyo fell 14.5 per cent last year, the largest fall since an annual industry survey of prices began in 1978, and a sign of the pressure on financial institutions heavily exposed to the property market, writes Robert Thomson in Tokyo.

The MRD Nationwide Real Estate Information Centre said the sharp fall in Tokyo prices followed a decline last year of 13.5 per cent, while houses on the fringe of the metropolitan area saw a drop of 30 per cent in price.

Prices in Osaka, the second largest city, fell 9.8 per cent, and officials at the centre said further declines are expected this year in both Tokyo and Osaka, as soundings of customer intentions suggested that many are not yet ready to enter the market.

#### Hindu-Moslem violence flares

Hindu-Moslem violence flared in parts of Bombay yesterday as rival groups battled with guns and swords, taking the death toll in about 6 days to nine with more than 50 injured. Reuter reports from Bombay.

Indian President Shankar Dayal Sharma meanwhile issued a law acquiring the site of the mosque destroyed last month by militant Hindus in the northern town of Ayodhya. Indian police admitted that paramilitary security forces killed 53 people and torched scores of buildings in the Kashmir town of Sopore on Wednesday in revenge for an attack by anti-Indian militants.

#### Kenyan talks collapse

A Commonwealth-brokered plan to defuse political tensions in Kenya by arranging a meeting between President Daniel arap Moi and opposition leaders appeared to have collapsed last night, writes Michael Holman in Nairobi.

The country's newly formed opposition alliance ended five days of talks with the announcement that they would take up their parliamentary seats following last month's elections, but failed to say how they would make good their threat to prevent Mr Moi exercising power.

Britain and the Commonwealth observer group came under sharp attack by the opposition, which said it "aborts" Whitehall's qualified acceptance of the outcome of the election.

#### Troops besiege Umta base

Government troops besieged Umta rebel headquarters in central Angola yesterday and Mr Jonas Savimbi, Umta's leader, called for the United States to broker an immediate ceasefire, AP reports from Luanda.

#### Curfew imposed in Dushanbe

A state of emergency was declared yesterday in Dushanbe, the embattled capital of the former Soviet Central Asian republic of Tajikistan. AP reports from Moscow.

## Suharto budget makes hefty cut in fuel subsidies

By William Keeling in Jakarta

**PRESIDENT** Suharto of Indonesia yesterday unveiled a budget for 1993-94 which allowed a marginal increase in government expenditure but included the removal of Rp3,000bn (\$1.45bn) in domestic fuel oil subsidies.

Mr Suharto said Indonesia, Asia's largest oil and gas exporter, should prepare for a "fundamental change" in its economy. By the end of the decade it would become a net importer of oil, he said.

The scale of the fuel price increases for the home market were not specified, but donors such as the World Bank and Asian Development Bank have argued for the abolition of fuel subsidies.

"The price increase in fuel oil will be followed by similar increases in electricity tariffs and transport costs," he said.

To cushion the blow for public sector employees, Mr Suharto announced a rise in civil service and Armed Forces wages of 12-18 per cent.

Mr Suharto forecast state revenue in 1993-94 would grow 11.1 per cent to Rp62,322bn, more than the rate of inflation currently running at about 6 per cent a year. Higher revenue is forecast from oil exports accounting for 29 per cent of total revenue, with a budgeted price of \$18 per barrel. Income tax receipts are

expected to rise 36 per cent to Rp14,849bn. Economists warn both targets may be optimistic. The budget forecasts aid from foreign donors in 1993-94 of Rp9,553bn and puts the cost of servicing the \$50bn public foreign debt at Rp16,425bn. By law, government expenditure must not exceed revenue. The President Suharto announced over Rp3,000bn for road construction and power sector, education and agriculture schemes.

A budget of Rp660bn was also announced for science and technology, although donors say actual funding for state-owned industries involved in aircraft, shipping, telecommunication and munitions manufacturing is much higher.

Mr Suharto said the current account deficit in the fiscal year beginning in April would be \$3.2bn, down from a forecast \$3.5bn in fiscal 1992.

He said 1992 had been a year of mixed fortunes with "strong inflationary pressures, a substantial current account deficit and a flow of commercial offshore loans which has almost exceeded the safe limit".

On the positive side non-oil gas exports rose by nearly 26 per cent to over \$14bn in the first 10 months of last year. This had "strengthened our confidence" in deregulation which would be expanded to other sectors such as agriculture, he said.



President Suharto announces a tough but upbeat budget which aims for higher exports

## Algerians ponder sad prospect of more of the same

Political stalemate and economic stagnation in France's former colony are as entrenched as ever, writes Francis Ghiles

**O**N JANUARY 11 last year, Algeria was plunged into crisis: the president resigned and the country's new leadership suspended elections, in effect declaring war on the opposition Islamic Salvation Front (FIS) which was poised to win a second round of voting.

One year on, Algeria's problems seem further than ever from resolution.

Hardly a day goes by without members of the security forces and Islamic fundamentalists killing each other. The troops and gendarmerie have failed to destroy what the prime minister, Mr Belaid Abdessalam, has called the "spider's web" of Moslem radical groups - many of whom appear to operate independently of the FIS.

Allegations of torture, which have been growing since a law

in autumn allowing detention for ten days (often longer in reality) are making Algerians fearful that practices they thought had been abandoned after the bloody riots of October 1988 are back.

New special security units are known locally as Ninjas because they operate clad in balaclava-type headgear leaving only their eyes visible.

The atmosphere in Algiers is further darkened by tighter government control on the media. Since last summer, articles attacking France, which senior Algerians suspect of taking a lenient attitude towards FIS activists, have become common. Some newspapers have even gone so far as to accuse France of being behind the murder of the former head of state, Mr Mohammed Boudiaf, who was

gunned down by a member of his bodyguard last June.

This is a time when they are hoping to convince the authorities in Paris to finance part of Algeria's FF130bn (\$3.6bn) debt owed to France. Mr Roland Dumas, the French foreign minister, is due to arrive today in the first visit by a senior official from the former colonial power since the killing of Mr Boudiaf.

Perhaps understandably, western leaders are as confused as ever as to how to deal with Algeria. The view is widespread that a FIS victory would have been both the beginning and the end of Algerian democracy - that it would have been a case, as a senior US official, Mr Edward Djerejian, put it last October, of "one person, one vote, one time."

Those who lead Algeria today, whether civilian or military, are by no means all corrupt. But for many ordinary Algerians who have neither home nor job, officials are seen as having long enjoyed good jobs, travel and education abroad for their children. The common view of the haves by the have-nots is "ils ont tout" (they have been eating or helping themselves).

Bitterness has increased by the sight of the middle classes voting with their feet. Even those who fought France between 1954 and 1962 are queuing up for French passports.

As for the Louis XIV-like resurrection of Mr Abdessalam, who was Algeria's economic overlord throughout the 1965-78 reign of the late President Houari Boumedienne and who was appointed prime minister

last July, it poses more questions than it answers. A hard-working man who brooks no contradiction and whose personal integrity has never been questioned, Mr Abdessalam was the original architect of Algeria's energy and industrial policies. While the country's gas sector became a success under his guidance, its dash for industrialisation is widely held to have been a failure.

Over the past six months, little has happened in the economic sphere. Imports are now tightly controlled as Mr Abdessalam sees this as the best way to manage scarce resources. But a 70 per cent debt service ratio leaves his government scant room for manoeuvre to import the raw materials necessary to increase industrial

output, currently running at only half of capacity, and cut unemployment.

The government has made progress in improving its payments record. Over the past two years, commercial arrears have been reduced from over \$800m to as low as \$60m and one year credits by half to \$900m. Hard currency reserves stand at \$1.5bn.

This policy has been made possible by the refinancing of commercial bank debt and bilateral debt with Italy completed last year. Algeria has not broken with the IMF as many had feared. But last week's visit to Algiers by Mr Michel Camdessus, IMF managing director, does not mean the two parties will reach agreement easily.

Whatever reforms the prime minister proposes, he faces an

uphill task in selling them, complicated by the fact that he is operating in a political vacuum. The national assembly remains dissolved. Most town councils have been suspended. The government refuses to talk to the fundamentalists - and to the two main secular opposition parties, the Front de Libération National, which until 1988 was Algeria's only political party, and the Front des Forces Socialistes, whose support is drawn from the Kabyle Berbers in and around Algiers.

It is a deeply unstable mix, and one that leads some observers to wonder how long the army will sit by and watch.

It was the army that gave power to Mr Abdessalam, and the army could take it away.

The problem is that the army itself may be as divided as

Algerian society.

## W Australia election next month

By Kevin Brown in Sydney

**THE** Labor government of Western Australia yesterday called an election on February 6, clearing the way for a possible federal election in late February.

Mrs Carmen Lawrence, the Western Australian premier, said there had been "no pressure" for a February election from the federal Labor government in Canberra.

However, the announcement removes a major obstacle in the way of an early federal poll if Mr Paul Keating, the prime minister, decides not to wait until the government's three-year mandate expires in June.

Federal Labor officials had feared that the unpopularity of

such as Mr Alan Bond, the bankrupt former entrepreneur.

The so-called "WA Inc" revelations led to the resignation in 1990 of Mr Peter Dowding, then premier, and the sacking of Mr Brian Burke, a former Western Australian premier, as Australian ambassador to Ireland.

Mr Burke, who led the state party to power in 1983, is expected to appear in court in Perth two days after the election to answer criminal charges relating to the WA Inc revelations.

Labor has recovered some support since Mrs Lawrence replaced Mr Dowding but is widely expected to be defeated by the conservative Liberal/National party coalition.

Notice published by the Director General of Telecommunications ("the Director") pursuant to condition 2.3 and 4.2 of the Class Licence to Run a Private Telecommunications System ("the SPL") granted on 30 July 1992 by the Secretary of State for Trade and Industry under Section 7 of the Telecommunications Act 1984 and conditions 2.3 and 4.2 of the Class Licence to Run Branch Systems to provide Telecommunications Services ("the TSL") granted on 30 July 1992 by the Secretary of State for Trade and Industry under Section 7 of the Telecommunications Act 1984.

1. The Director hereby gives notice publicly, pursuant to condition 2.3 of the SPL and condition 2.3 of the TSL, of his intention to specify, after a period of 42 days has elapsed from the date of this notice, installers and maintainers registered from time to time by Oftel approved certification bodies against the Oftel Quality Assurance Scheme for the installation, Commissioning, Inspection and Connection of Call Routing Apparatus as classes of persons specified for the time being under condition 2.2(c) of the SPL and condition 2.2(c) of the TSL, but only in relation to undertaking such relevant operations as the Director has for the time being specified for the purpose of these conditions.

2. The Director hereby gives notice publicly, pursuant to condition 4.2 of the SPL and condition 4.2 of the TSL, of his intention to specify, after a period of 42 days has elapsed from the date of this notice, installers and maintainers registered from time to time by Oftel approved certification bodies against the Oftel Quality Assurance Scheme for the installation, Commissioning, Inspection and Connection of Call Routing Apparatus as classes of persons specified under condition 4.1(c) of the SPL and condition 4.1(c) of the TSL, but only in relation to undertaking such relevant operations as the Director has for the time being specified for the purpose of these conditions.

## Marine attack clips the wings of warlord

By Julian Ozanne  
In Addis Ababa

Somalia's self-styled interim president and Gen Aideed's arch-rival. "It's very nice."

Another delegate said: "Aideed is in serious trouble now because he has been telling his Habsid clan members that the US is supporting him and now it's clear that the US is not."

The news came as a newly formed loose alliance of 12 factions, aligned to Mr Mahdi, were consolidating their opposition to Gen Aideed in Addis Ababa. The 12 factions, including one which abandoned Gen Aideed's camp during the conference yesterday called for US-led forces to disarm all factions and militaries.

The 12 have also agreed a common peace resolution calling for disarmament to be followed by a nationwide ceasefire and a national reconciliation conference to be held on April 15-30 in either Mogadishu or Addis Ababa. Gen Aideed has blocked any accord so far between his three remaining factions and the others.

In Mogadishu Major General Charles Wilhem had his Gen Aideed's compounds "with a fire storm" issued by loud hails went unheeded. He said he had no figure for Somali casualties.

tions and would not include delivery of food or medicines.

Lebanon has refused to allow the Palestinians to proceed deeper into the country or receive supplies, saying they were Israel's sole responsibility. Israel had refused to allow supplies through unless Lebanon did likewise.

Mr Shimon Peres, Israeli foreign minister, and Egypt's President Hosni Mubarak said they hoped the visit of Mr Chaimaya Gherman, an adviser to Dr Boutros Ghali, UN secretary-general, would lead to a breakthrough on the expulsions, which threaten to derail Mid-east peace talks.

## Tanabu to debate rice issue with EC

By Robert Thomson in Tokyo

MR Masami Tanabu, Japan's agriculture minister, plans to visit Brussels next week to argue the country's case that rice should be excluded from trade liberalisation under the Uruguay Round of multilateral trade negotiations.

The Japanese government has said "flexibility" will be shown in handling the issue of rice imports, but Mr Tanabu is under pressure from farmers' groups to show the government is defending their interests in the Uruguay Round.

However, his ministry has already begun studying methods of compensating farmers affected by liberalisation of the rice market, and newspaper opinion polls suggest a large majority of Japanese are in favour of a market opening.

Mr Tanabu is to attend a January 15 meeting of Japanese and EC ministers, which will also be attended by Mr Michio Watanabe, the foreign minister, and Mr Yoshiro Mori, the new minister of international trade and industry.

The Japanese ministers will want also to discuss the recent confusion over whether Italy and France intended to ban imports of Japanese cars.

## European consortium widens co-operation talks on super jumbo aircraft

### Airbus steps up Japanese discussions

By Paul Betts, Aerospace Correspondent, in Paris

THE European Airbus consortium is stepping up discussions with Japanese aerospace manufacturers about possible co-operation in future Airbus programmes, including the development of a 600-seat super jumbo aircraft.

Mr Jean Pierson, Airbus chief executive, said he would visit Japan at the end of this month for talks with Japanese aerospace officials and the three big aerospace companies, Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries.

The Japanese initiative coincides with discussions between Airbus partners and Boeing of the US over possible co-operation in development studies for a super jumbo aircraft.

The question was whether individual members were conducting separate talks with Boeing which could undermine the cohesion of the consortium, several aerospace industry analysts suggested yesterday.

Despite Mr Pierson's confidence about the unity of the

have led to speculation of rising tensions inside the European consortium.

But Mr Pierson said the four Airbus partners - Aerospatiale of France, Deutsche Aerospace, British Aerospace and CASA of Spain - remained united and there was "no question of treason" inside the consortium.

He said Deutsche Aerospace received a mandate last year from the Airbus supervisory board to conduct exploratory talks with Boeing about possible co-operation in developing a super jumbo.

However, he acknowledged that not all Airbus members agreed on the benefits of collaboration with Boeing and there were still serious doubts over Boeing's motives for co-operating with the Europeans.

The discussions with Boeing have been led by Deutsche Aerospace, the 37.9 per cent German partner in the European consortium. The talks with Boeing, the world's largest maker of commercial jets and Airbus's main competitor,

are aimed at developing studies for a super jumbo aircraft.

Mr Pierson cast doubt on whether a super jumbo would ever be built, saying the tech-

nological and financial challenges were "huge".

Neither Airbus nor Boeing could undertake such a project on its own. For this reason, Mr Pierson said, Airbus had approached potential Asian and Russian partners. He indicated it was open to discussions with US manufacturers: "But let's not get excited. I don't know if anything will happen and if there will be a larger new aircraft at all."

But Mr Pierson said his main

concern was not so much the discussions on the development of a super jumbo as the immediate challenge of competing against Boeing on current airline business and ensuring Airbus was efficiently coping with the aerospace industry slowdown.

He said he saw no signs of a

recovery in the civil aerospace business this year or in 1994.

Airbus last year had sales of \$7.6bn (25bn) compared with

\$7.7bn in 1991. It expects an

increase to \$8.7bn this year. Although the consortium suffered cancellations from Northwest Airlines, it won 136 new aircraft orders last year, compared with 101 in 1991.

But the slump in the airline industry has forced it to scale down its production rate. Airbus output is expected to total 150 aircraft this year compared with 157 last year and will now grow to only about 170 aircraft in 1995, down from an original target of 220.

## France confirms Taiwan jets sale

By William Dawkins in Paris

TENSE trade relations between the US, France and China worsened yesterday when Paris officially confirmed the sale of 50 Mirage jet fighters to Taiwan, which has also bought US-made F-16 fighters.

The French played the latest step in the island's efforts to bolster its defences against China's growing military power, has attracted Chinese anger since it first emerged in Taiwanese press reports last November. Until yesterday, the French government refused to acknowledge the sale.

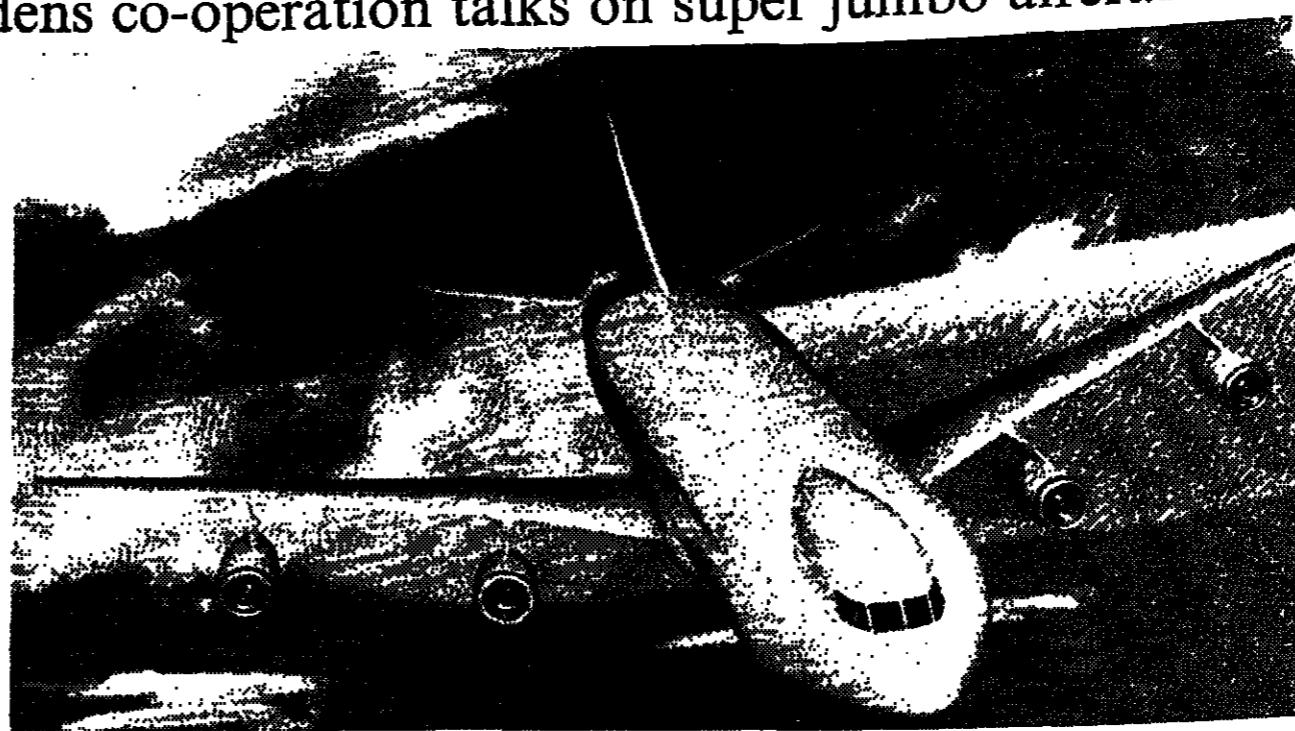
The French government's approval for the sale of these fighters to Taiwan has caused serious deterioration in relations and gravely damaged their foundations," the Chinese Foreign Ministry said yesterday.

Mr Li Lanqing, Chinese trade minister, said Beijing did not rule out steps against the US, which last year authorised the sale of 150 F-16 jet fighters to the island, over which China claims sovereignty.

Until yesterday, China had given no indication that it might widen its retaliation against French business interests to embrace the US. Over the past month, China has ordered France to close its consulate in the southern city of Guangzhou, the economic capital of one of the world's fastest growing regions and banned French companies from a \$1bn subway project there.

The sale of \$2.6bn (£1.7bn) worth of Mirage fighters, plus 1,500 missiles bringing the total contract value to \$3.8bn, is a lifeline for the prime contractor, Dassault Aviation. Dassault has not had a military export order for four years.

It brings to an end a long French government wrangle between the defence, industry and trade ministries, keen to further the ailing interests of the French aerospace industry, and a cautious foreign ministry, unwilling to jeopardise relations with such a powerful ally as China.



### REPUBLIC OF LEBANON

#### Rehabilitation, Extension and Generalization of the Telecommunication Sector

#### PRE-QUALIFICATION OF CONTRACTORS

In order to implement the Government policy to fulfill Lebanon's needs in various public utility services, including the rehabilitation, extension and generalization of the telecommunication sector.

And aiming to undertake the necessary measures to reach a minimum service density of 35% in telecommunications, which would be in accordance with the standards of the new century.

And as the data accumulated in the Ministry of Post and Telecommunications (MPT), and incorporated in the National Emergency Reconstruction Program (NERP), indicates the necessity to provide a minimum capacity of 1.5 million subscriber lines; the MPT intends to meet these needs as follows:

- 500,000 subscriber lines through rehabilitation and modernization of the existing network.
- 500,000 new subscriber lines through extension of the existing network.
- 500,000 lines through implementation of a new cellular network.

The Government has initiated separate measures to implement the cellular network; consequently the MPT and the Council for Development and Reconstruction (CDR) announce the intention to achieve a million lines service through the rehabilitation and extension of the present network as indicated in the following program.

- a- Construction of about 650,000 local network lines, construction and equipping of new electronic exchanges to a capacity of 500,000 lines, throughout Lebanon.
- b- Replacement of the old electro-mechanical exchanges (16 exchanges) by new and modern electronic equipment to a capacity of 178,000 lines, including the implementation of the integrated services digital network (ISDN).
- c- Construction of network with fibre optic cables and digital micro-wave links of different capacities to secure communications between various exchanges.
- d- Enhancement of international communications between Lebanon and the world through the construction of two modern IDR earth stations.
- e- Provision of power supply equipment for the exchanges, including the batteries, generating units and the protection systems.
- f- Replacement of the old telex exchange equipment with new and modern electronic equipment (4000 lines).
- g- Rehabilitation of the existing electronic exchanges and their auxiliaries (MT25 and E10B), development of their operation programs to be compatible with CCITT No. 7, and introduction of ISDN facilities.
- h- Rehabilitation of the micro-wave telecommunication network and replacement of the obsolete parts.
- i- Rehabilitation of the local network telephone to a capacity of 400,000 lines throughout Lebanon.
- j- Rehabilitation of the power supply stations, including the replacement of batteries, where needed, and rehabilitation of primary power generation units.

All the projects mentioned above will be executed under the supervision of engineers and consultants appointed by MPT and CDR.

International specialized companies will be appointed to support the ministry for better performance in project management, operation and maintenance.

Therefore, the contractors capable of executing such projects of rehabilitation and modernization are invited to apply for pre-qualification.

Reasons for not pre-qualifying any firm or consortium need not be given, and no costs incurred in the pre-qualification will be reimbursed. Invitations for bidding will only be sent to firms or consortia which are pre-qualified.

The MPT and CDR invite contracting firms and consortia interested in bidding to obtain pre-qualification documents starting January 11, 1993 from the .

Council for Development and Reconstruction (CDR)  
Talat El-Seray  
Beirut - Lebanon

Pre-qualification bids with all supporting material shall be submitted at CDR offices no later than February 26, 1993 at noon

## Malaysian telecoms deal boosts Nokia's Asia plans

By Christopher Brown-Humes in Stockholm

NOKIA, the Finnish electronics group, yesterday said it had won an FM700m (227.5m) order for a digital telephone system from Malaysia.

The five-year agreement signed with Telecom Malaysia covers the installation of 800,000 subscriber lines and includes the costs of commissioning and training.

The project strengthens Nokia's position in the expanding Asia-Pacific market and enhances the development of

telecommunications infrastructure in Malaysia. The Asia-Pacific market now accounts for around 20 per cent of its telecommunications activities.

Malaysia is giving top priority to the development of telecommunications infrastructure and hopes to provide for universal access to services and to develop a telecommunications industrial base by the year 2000. The Nokia project is part of a plan to install some 4m subscriber lines in the next five years.

The system being installed is the DX300 digital switching system, which is already in place or on order in more than 20 countries, including the UK and Sweden. The project will be implemented by a special joint venture company, Sapura-Nokia Telecommunications, in which Nokia holds 40 per cent.

Mr Kello Olkkola of Nokia Telecommunications said: "The Telecom Malaysia project is an important step for Nokia in the Asia-Pacific switching market and marks a major expansion of Nokia's Malaysian activities."

## ABB in Czech engineering venture

By Ian Rodger in Zurich

ABE Brown Boveri, the world's largest power engineering group, has taken a controlling 57 per cent interest in a new company created from the power-engineering division of Prvni Brnenska Strojirna (PBS) of Brno in the Czech Republic.

Terms were not revealed but Mr Eberhard von Koerber, executive vice-president of

ABB, said it was the largest of the 26 ventures so far established by the group in eastern Europe.

The business being acquired has 4,000 employees and an annual turnover of \$120m (£78.9m), as well as making a \$13.2m net profit last year. It produces boilers and steam turbines, mainly for small industrial power plants with capacity up to 60MW.

Mr Koerber said the level of

engineering at PBS was fairly high and so the new company, ABB-Prvni Brnenska Strojirna BRNO, should quickly become "a major pillar for low-cost manufacturing" within ABB's global network of power engineering plants.

It saw to adding substantially to ABB's existing \$600m-worth of annual business in the industrial plant sector, and expected it to grow quickly enough to avoid the need for

redundancies either there or at other ABB plants.

Mr Koerber said the purchase price to ABB, as in its other eastern European acquisitions, would consist of payments in cash and kind, and management and technology transfers.

The remaining 33 per cent of ABB-PBS is being retained by PBS Holding, a recently-privatised group in which the Czech state still holds 51 per cent.

## Clinton's first big challenge: meet Salinas and save Nafta

The two men must rethink the trade pact, writes Nancy Dunne

ON his maiden foray into International diplomacy, President-elect Bill Clinton is going only one state away - to Austin, Texas, where he will today meet Mexican President Carlos Salinas.

The two young presidents will find they have much in common. Both attended university abroad (Mr Clinton in the UK, Mr Salinas in the US) and became young government reformers with pro-business views. Both are "policy wonks" - fascinated with the technicalities of making government work.

They are both "baby boomers" and know that unless they "bond" swiftly, the future of the North American Free Trade Agreement - involving the US, Mexico and Canada - is at risk.

It was Mr Ross Perot, the independent presidential candidate, who fanned the burning coal of public doubt about Nafta into a blazing opposition during the televised campaign debates. The quirky Texas billionaire repeatedly claimed to hear "a sucking sound" to the south, drawing US manufacturers away from the US, Mexico and Canada - at risk.

Those who opposed the agreement - carefully cultivated by grassroots environmental, labour and citizen groups - had little difficulty in extracting promises from numerous congressmen to oppose the treaty. It stands a danger of defeat.

Mr Clinton should have already won favour with the Mexican president, by agreeing not to demand a renegotiation of Nafta. Instead he promised

to negotiate "supplemental" agreements to protect the environment and labour standards and guard against import surges.

Among Mr Clinton's Democratic supporters are three factions: business groups, which care only that Nafta offers opportunity for new investment, markets and cheap labour; the opponents, who believe the pact can be improved with tough enforcement measures; and those - many in unions - who will work to kill any deal.

There is also organised opposition in both Canada and the US.

"We have to reposition the

"Nafta: Making it Better", concluded that the pact as it now stands would stimulate foreign investment in Mexico, but at the expense of US industry. It wants Mexico turned into "an export platform" from which North American industry could more easily penetrate foreign markets.

The opposition has grown so strong that Washington lobbyists acknowledge the necessity of negotiating the side agreements and presenting them as a "new" Nafta, different from the one savaged by Mr Perot in the election campaign.

"We have to reposition the

substantial powers and resources to prevent and clean up water pollution and encourage enforcement of air pollution laws.

But he has been vague about the relationship between the side agreements and the original Nafta text. The critics will insist that this linkage be formalised, so failure by any of the three governments to meet their obligations on environment and labour could be punished by higher tariffs.

Mr Clinton will also have to make changes to the dispute settlement mechanism, according to Mr Alex Hittle, a spokesman for Friends of the Earth, who is willing to support "a Nafta with teeth". The president-elect apparently envisages a process under which citizen groups would take their complaints to US officials, who would then pass them to their Mexican or Canadian partners.

Environmentalists want the process opened to public participation. The current text says both sides in a dispute must agree before outsiders are brought into the process.

Mr Clinton will be leaned on hard, and he will have to press Mr Salinas, who in turn has signalled that the price of new negotiations could be a multi-billion-dollar fund to help pay for Mexico to develop infrastructure and clean up its environment. He may also reopen talks about labour mobility.

Nafta opponents say their demands are in the Mexicans' own interests, and the aim is to create an adequately-paid middle class, a cleaner environment, safer working conditions, and democratic reforms.

الجامعة

## Brazilian taxation reform for debate

By Bill Hincherberger  
in São Paulo

BRAZILIAN congressmen are to cut short their summer recess and return next Monday to a special session of Congress which has tax reform as its central issue.

The session will be an early test for President Itamar Franco's strategy. He hopes to succeed during his two-year term by building consensus among legislators and opinion leaders, in contrast to the obtrusive approach of his predecessor, Mr Fernando Collor de Mello, who resigned last week.

The government is seeking additional tax revenues to reduce the budget deficit and to provide funds for social and infrastructure spending. It hopes that further changes in the tax code, together with already-approved adjustments in business income taxes, will bring it \$12bn (£7.8bn) more in revenues this year.

The main proposal under consideration includes a levy on financial transactions, called a cheque tax, of 0.2 per cent. It would also simplify the dozens of individual levies in the Brazilian tax code. The administration is also considering a tax on company assets.

A constitutional amendment, requiring two-thirds approval of both chambers, will be necessary if any new levies are to be implemented this year. The constitution stipulates that new taxes can only take effect in the "fiscal period" subsequent to the one in which they are passed.

One attorney speculated that the administration might try to skirt the need to change the constitution by defining each month as a "fiscal period" and applying the tax in February if passed this month. If so, he predicted a flurry of company lawsuits.

A bill approved by Congress in December lowered corporate tax rates from 30 to 25 per cent. However, many companies, especially those showing losses, will pay more because financial and operational income will be taxed separately. With Brazil's high interest rates, even money-losing companies have significant income from financial investments.

The government hopes to obtain \$5.2bn of the \$12bn it says it needs through this mechanism. The National Confederation of Industry is threatening to go to court.

Some observers believe higher taxes could reinforce a vicious circle of higher levies and growing evasion in Brazil. Brazilian tax rates are already high.

The local subsidiary of Arthur Andersen, the US consulting firm estimates that in 1992, federal and local taxes combined produced a tax rate of nearly 47 per cent on business. Other tax experts have estimated evasion rates of about 50 per cent.

Some opponents of the reform argue that the government should merely do a better job of collecting taxes already on the books. Recent published estimates suggest that out of an economically active population of 61m, only 7m pay personal income tax, while 55,000 companies pay 80 per cent of corporate tax revenues due from 2m companies.

## Defence cuts will be hard, Aspin warns



Les Aspin: reiterated goal of cutting \$60bn more than in Bush administration's defence budget

By George Graham  
in Washington

PRESIDENT-ELECT Bill Clinton's choice to be the next secretary of defence warned yesterday that the new administration might find it difficult to cut defence spending by as much as projected by departing President George Bush, let alone achieve the bigger savings Mr Clinton called for in his election campaign.

Mr Les Aspin, who until his nomination was chairman of the House of Representatives armed services committee, reiterated the Clinton team's goal of cutting an additional \$60bn over the next five years from the Bush defence budget, which itself includes substantial reductions from earlier budgets.

But Mr Aspin and Senator Sam Nunn, chairman of the Senate armed services committee, warned that the budget baseline figures used by the Bush administration, which show \$280.5bn of defence and national security spending in fiscal 1994, might be unreliable.

Mr Nunn questioned the Pentagon comptroller's estimate of \$71bn of savings over five years from the Defence Management Review, which includes initiatives such as the consolidation of depot maintenance and the centralisation of control over the defence information infrastructure.

He estimated the likely savings from the review at \$20bn at best.

Mr Nunn said it would be impossible to pay for a 450-ship

navy, as planned by the Bush administration, with the money currently allocated.

Mr Aspin also warned of a "procurement bow wave", with equipment programmes added to the budget without adequate funding attributed to them four or five years out.

The attack on the Bush defence budget projections echoed more general criticism voiced earlier this week by Mr Clinton of his predecessor's overall budget legacy.

Mr Bush's pro forma budget for 1994 shows a record deficit of \$327.4bn this year, dipping slightly before climbing again to \$319.8bn in 1998.

Mr Clinton accused the outgoing administration of camouflaging the gravity of the outlook for the deficit, which he said would, if left unchecked,

"soar above \$400bn near the end of the decade".

Mr Aspin acknowledged that it would not be easy to achieve further defence savings, but said it would be possible to reshape US military forces at a lower level than envisioned in Mr Bush's "Base Force" while at the same time maintaining their effectiveness.

The Bush administration had presented a force and a budget that took cognisance of one revolutionary development in our international security picture - the collapse of the Warsaw Pact - but not another - the dissolution of the Soviet Union itself. It was a one-revolution budget in a two-revolution world." Mr Aspin said in answers prepared for his Senate confirmation hearings.

## Honda to supply Indy car engines

By Kevin Done, Motor Industry Correspondent, in Detroit

HONDA, the Japanese car-maker, is to begin supplying engines for motor racing in North America in 1994. The announcement that it will participate in the US Indy Car World Series follows only weeks after its withdrawal from Formula One racing.

Honda's move reflects its need to boost its presence in the North American market, where its sales have begun to weaken in the face of the resurgence of the domestic US car-makers.

The company was forced to announce this week that the Honda Accord had lost its place in 1993 as the best-selling car in America, a position it had held for three years. It was beaten into second place by the Ford Taurus.

Honda, with the Marlboro McLaren team, dominated Formula One for several years, but was beaten in last year's world championship by the Canon Williams Renault team. Nigel Mansell, the British Formula One world champion last year, is also moving to the Indy series in the US.

Honda said yesterday it had established a new racing subsidiary in the US, Honda Performance Development, which would begin testing engines this year. The company said its switch to the Indy series would help it expand its R&D and engineering capabilities in the US and would provide it with "distinct marketing opportunities".

## Reich sees need for better jobs

By Michael Prowse  
in Washington

THE US must do more to improve the career prospects of the three-quarters of Americans who do not graduate from college, Mr Robert Reich, labour secretary-designate, said in Senate confirmation hearings yesterday.

Mr Reich said his task was not just to create more jobs but to create higher-quality jobs. "Having a job is not enough any longer," he warned, because many poorly educated Americans were experiencing declines in real wages.

He said he expected the Department of Labour to play a more prominent economic role in the Clinton administration than had been the case in the past. Global economic integration, he said, meant that the "American workforce is coming to be the American economy".

Mr Reich, a professor at the Kennedy School of Government, said he would seek to integrate the 125 separate federally-funded job training and employment programmes.

Other goals would include helping displaced workers find new jobs and fostering busi-

ness organisations that provided career ladders for less well educated employees. He also intended to promote "family friendly" employment. US employers needed to pay more attention to issues such as parental leave, child care, elder care and pension provision. Companies had to understand that their workforce was "their most precious asset".

Mr Reich said the US also needed to review unemployment insurance provisions which had been designed to cater for short business cycle fluctuations. The problem today was that much unemployment tended to be long-term and structural.

His remarks were warmly received by members of the Democratic-dominated Senate labour and human services committee.



Robert Reich: bigger role for Labour Department

## Doubt thrown on US military spending

By George Graham

THE US Defence Department may need to cut an extra \$150m over the next five years to bring its spending plans into line with the money that may be available, according to a report issued last night by the General Accounting Office, the auditing arm of Congress.

In a report prepared as part of a series presented to the incoming Clinton administration, the GAO warned of a significant mismatch between the \$1.4 trillion fiscal year 1993-97 defence spending plan and budget realities.

The GAO singles out \$35bn of potential growth in the cost of already planned weapons systems, \$12bn in congressional actions preventing the Pentagon from terminating some programmes it wants to kill, \$5.4bn in funding to help conversion from defence to commercial activities, and \$60bn in additional cuts proposed by President-elect Bill Clinton.

In addition, the spending plan assumes \$35bn in management savings, the majority of which may not be achieved, and \$55m in base closure savings that will not be realized.

In a separate report, the GAO outlines severe problems in the defence acquisition system, complaining that the Pentagon starts more programmes than it finishes because of a tendency to over-estimate the amount of future funding for planned weapons systems and underestimate the likely costs of these systems.

## Menem spends to cut poverty

By John Barham  
in Buenos Aires

ARGENTINA'S President Carlos Menem, bolstered by figures showing inflation dropped last year to its lowest level in 20 years, yesterday unveiled a \$1.5bn (£966.6m) social spending package aimed at improving the lot of the poor, the old and very young.

The package coincides with a popularity offensive by Mr Menem to amend the constitution so he can stand for re-election when his term ends in 1995. His government is now aiming at a sweeping victory in September's mid-term congressional elections to secure two-thirds of the seats in the Chamber of Deputies, the lower house. The amendment requires a two-thirds majority of Congress.

Mr Menem, who is more than halfway through his six-year presidential term, has sound opinion poll ratings, although his popularity has been declining over recent months. Pollsters say low inflation remains the key to any politician's popularity, but public opinion is focusing on poverty, falling real incomes and worsening social services.

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## NEWS: UK

# Legal appeal could delay payments to BCCI creditors

By Richard Donkin

**PAYMENTS** to creditors of the Bank of Credit and Commerce International (BCCI) may be delayed by up to a year because of an appeal filed by some creditors in Luxembourg against a court approved compensation plan.

It also emerged yesterday that creditors are not receiving interest of \$1m a week that would have been earned since the beginning of December had the agreement between Touche Ross, liquidators of BCCI, and the Abu Dhabi majority

shareholders adhered to the original timetable drawn up in negotiations.

Originally Touche Ross thought it would be possible to have the agreement secured in time for Abu Dhabi to place \$800m, covering the first two instalments of its \$1.7bn contribution, on deposit with the pooling fund and earning interest for the benefit of creditors from December 1.

The initial timetable had to be scrapped because of delays resulting from a court appeal in the UK, and insistence by the Luxembourg district court that the liquidators take soundings from creditors on the

agreement. Touche Ross believed it had surmounted that hurdle when 94 per cent of creditors who responded to a circular agreed to accept the package.

A hard core of creditors is continuing to resist the package, however, leading to the current appeal which was lodged with the Luxembourg court on December 24.

The appeal has been filed on behalf of three creditors. Mr Adil Elias, Mr Assilas Artiki and Mr Hal Skolnik.

Mr Elias, a US-based engineering consultant, is a member of both the

UK and Luxembourg BCCI creditors' committees and heads the BCCI depositors protection association, which includes a number of BCCI's larger depositors.

Mr Skolnik, a company director, has a permanent proxy on the UK committee to represent Sheerbonnet, a UK creditor. Mr Artiki is a Greek insurance broker.

Mr George Ravarani, a Luxembourg lawyer and one of the liquidators of BCCI Holdings, the holding company for BCCI SA, said a decision on the court appeal could be lengthy because all procedures and

statements had to be in written form.

"The delay could be as little as six months but I think that is unrealistic. I think a year is more reasonable," he said.

Touche Ross now fears court delays could cause further problems for the liquidation, although Abu Dhabi has made it clear it remains committed to the agreement and maintains that new timetabling for payments should not cause serious problems for the majority shareholders.

The liquidator believes, however,

it may have to revise its earlier estimates of how much creditors might expect to receive. The projection is somewhere between 30p to 40p in the pound.

Mr Brian Smouha, the chief liquidator of BCCI, said yesterday: "It is unfortunate that this is being held up and it does not look as if it is in the interests of creditors. I want to concentrate on getting the assets in and the money out to the creditors."

If the appeal is upheld, the liquidators would have to pursue claims through the courts.

## Britain in brief

### Government to consider police reform

Proposals for radical reform of the police, amounting to the virtual nationalisation of police authorities in England and Wales, are to be considered by a committee chaired by Mr John Major, the prime minister.

The proposals, produced by Mr Kenneth Clarke, home secretary, have aroused strong dissension within the government, and are vigorously opposed by local chief constables.

Mr Clarke's scheme would effectively abolish the current arrangements for police management, which balance local and national control. The number of police authorities in England and Wales would be reduced from the current 43 in England and Wales, possibly to as few as 25.

### New landmark in tendering

Oxfordshire has become the first English county council to contract out its exchequer services operation, in what will be seen as a new landmark for the government's competitive tendering policy.

CSL Group, which claims to be the largest provider of managed services to the public sector, won the £6m contract against three competitors. The contract requires it to take on the 50 existing staff, on comparable conditions, and was agreed by the almost all the employees concerned. Other counties are set to follow Oxfordshire's lead.

### Recession hits AT&T Iritel

Salaries at AT&T Iritel, one of the largest UK-based computing-services companies, have been frozen for this year and some 375 jobs are likely to go over the next six months.

The measures indicate the severity with which companies such as Iritel, which depend heavily on large-scale project work from big corporate clients, continue to be affected by the recession. Mr Peter Teague, chief executive, said the company which employs 2,200 people in the UK and a further 1,800 in continental Europe, was being forced to rein back ambitious growth plans.

### House prices remain weak

UK house prices continued to be weak last month, according to Halifax, Britain's largest building society. Its house price index showed a fall of 0.6 per cent in December, reversing a brief hope of recovery in November when the index recorded a tiny rise of 0.1 per cent.

Burton, one of the most successful retailers of the 1980s, slipped into an annual loss of £13.4m in 1990, before recovering to a profit of £9.4m last year.

### First

### pay deal of 1993 set

In the first deal of the 1993 pay round, a 2.75 per cent pay rise has been agreed for most of the 20,000 workers in the knitwear industry.

The government will be relieved that the first deal in a busy month for collective bargaining is below the current inflation rate of 3 per cent and heading down towards its own limit for the public sector of 1.5 per cent. The knitwear industry, however, is in a weak state and several other deals, agreed before January but now coming into effect, have been more generous.

### Correction

A chart yesterday of sterling movement's against the dollar mistakenly showed the dollar's movement against the D-Mark.

## MacGregor seeks deal on US-UK air links

By David Owen

MR JOHN MacGregor, Britain's transport secretary, yesterday signalled a new phase in attempts to resolve the US-UK government dispute over air links, saying he would work towards a more liberal aviation agreement with the incoming Clinton administration.

Speaking in Brussels, Mr MacGregor renewed calls for UK airlines to be allowed greater access to the US domestic market.

He acknowledged this would present the US with "difficult decisions about changing their 50-year-old restrictions on foreign ownership and control of US carriers".

"I had hoped that we and the US government would have been able to agree to a step-by-step programme to open skies, with the next major change achieved just as quickly as the US Congress were prepared to change their laws on foreign control," Mr MacGregor said.

His remarks came some two weeks after the collapse of a proposed \$750m deal in which British Airways would have acquired a 44 per cent stake in USAir, the ailing American carrier.

Mr MacGregor expressed his regret at the failure of the deal, which BA blamed on "excessive demands" by the US government.

"The proposed alliance between BA and USAir was a bold and imaginative one, which could have greatly assisted progress towards removing restrictions in the present air services agreement between our two countries," Mr MacGregor said.

The US government had insisted that the UK open up London's Heathrow airport to more US airlines in return for approval of BA's investment in the sixth-largest US carrier.

Britain has offered a three-phase process of air-service liberalisation which would have led to "open skies" only after the US eased its rigid foreign ownership rules on US carriers.

Alan Friedman examines the debate, prompted by the Exxon Valdez spill, over anti-pollution measures

## Braer disaster concentrates US minds on safety

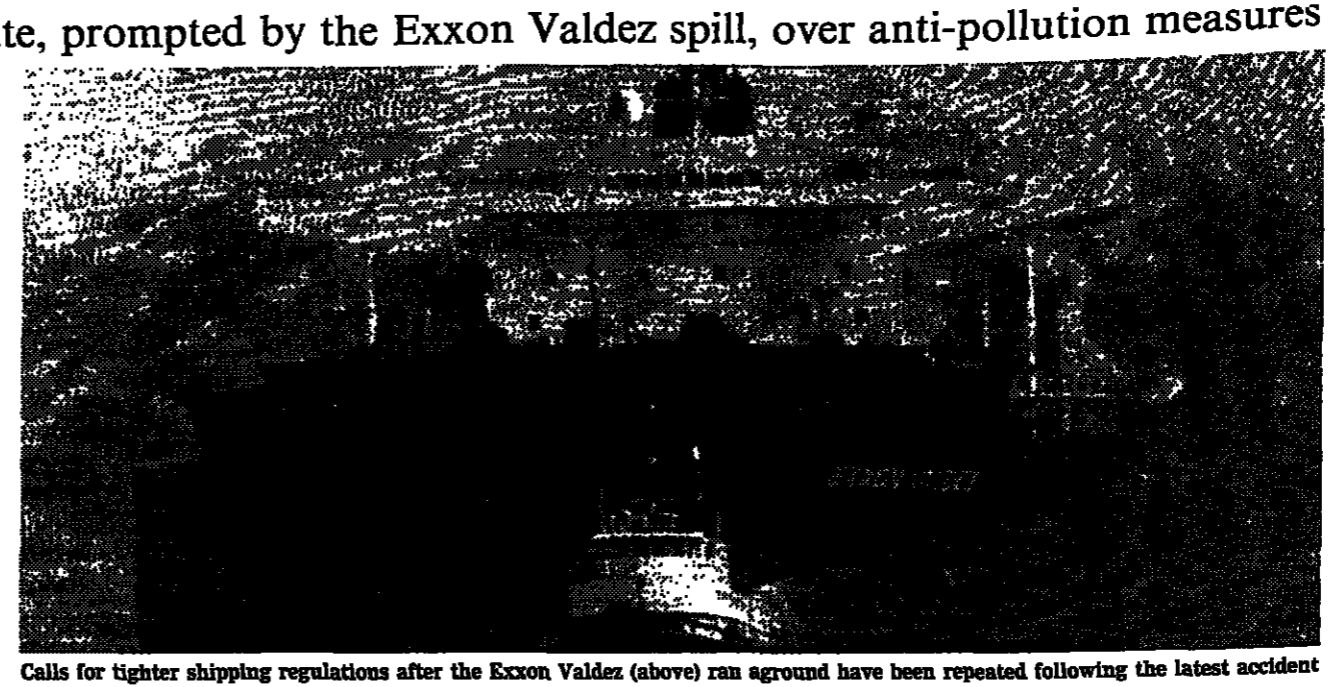
THE BRAER disaster – which could ultimately prove to be more than twice the size of the Exxon Valdez spill that occurred in Alaskan coastal waters in 1989 – has triggered fresh discussion in the US about the kinds of counter-measures that are most effective in containing such accidents.

In its lobbying effort to strengthen environmentalists against shippers and the oil industry, the American Petroleum Institute (API) claimed the cost of refitting double bottoms could be \$4.6bn for the 153 US tankers.

Few in the US oil industry liked the double-hull requirement. Mr Steve Hilliard, a spokesman for Chevron Shipping, reckons "double hulls are not the panacea for oil spill prevention" because they cannot prevent the leakage of oil from a damaged tanker in all cases.

Mr Charles Di Bona, president of the API, the oil industry's main Washington lobbying association, notes that the double-hull requirement "is the law and we will comply with it." But he too insists it is not at all clear that double hulling is the best technology – "in the Shetland case, double-hulling might have even hurt things. The space between the hulls could have taken in water and sunk the tanker."

Mr Di Bona says there are alternative technologies such



Calls for tighter shipping regulations after the Exxon Valdez (above) ran aground have been repeated following the latest accident

as a Swedish system for sealing the oil tanks themselves which may prove equally effective.

Environmental critics such as Mr Weiss of the Sierra Club counter that the lesson of the Valdez disaster for the UK is that "the oil industry has no credibility when it comes to concern about oil spills."

He argues that in the wake of the Valdez affair, the oil industry and the Bush Administration weakened the OPA dramatically by extending the period of time before double-hulling is required for all tankers to the year 2015 and by exempting barges. "The reality," says Mr Weiss, "is that the cost of double-hulling is far cheaper than the cost of oil spills."

As far as liability is concerned, Mr Weiss claims that unlimited liability "is the only way we can ensure the companies have a stake in making sure they don't have accidents and behave more responsibly."

But Mr Di Bona complains that on liability and other issues the OPA contains a set of conditions that in some cases are simply too harsh.

In the wake of the Braer disaster, the API issued a statement which said that while the Shetland spill was regrettable it should not overshadow the genuine progress being made both in preventing and responding to oil spills in American waters.

Chief among the developments in the US was the oil industry's agreement in 1990 to form the Marine Spill Response Corporation (MSRC), a non-profit company that will be the

largest in the world when it is operational next summer.

The MSRC – funded by 47 leading US oil companies, shippers, utilities and pipeline operators – has a \$400m budget for capital equipment and a \$500m budget for operating expenses in its first five years. It has 400 full-time employees located at its Washington headquarters and at regional locations in New York, Miami, Lake Charles, Louisiana, Los Angeles and Seattle.

The MSRC has 16 large offshore response vessels and recovery capacity of 10,000 barrels a day.

The US debate also concerns whether detergent dispersants or mechanical removal devices, such as skimmers, are more effective. Mr John Costello, a retired Coast Guard Vice-Admiral who is president of the

Observer, Page 13

## New scheme for long-term unemployed

By Lisa Wood, Labour Staff

A NEW temporary work scheme for up to 250,000 of Britain's long-term unemployed is being studied by the government.

The initiative would offer existing benefits plus an additional allowance for participants.

The scheme could be become compulsory for those who have been unemployed for a period not yet specified, prob-

ably 18 months or two years.

Options are being studied by the prime minister's Number 10 policy unit with the assistance of Mrs Gillian Shepherd, employment secretary.

Long-term unemployment, defined as one year or more, now stands just under 1m, a 4½-year high.

Mr John Major, the prime minister, who is discussing domestic policy this weekend with advisers at Chequers, has said fear of unemployment was

a brake on recovery.

Mr Major's personal involvement is seen as critical to the success of a new scheme which would require private sector employers to be persuaded to offer large numbers of temporary work places. He would need to take a personal lead in urging organisations such as the Confederation of British Industry, the major employers' organisation, to become involved.

Any new scheme, which

could be announced in the March budget, could eventually involve about 250,000 people a year, a number greatly in excess of the 30,000-place Employment Action, a two-year-old voluntary temporary work programme which has failed to attract a full complement of unemployed. That is why compulsion is one of the options now being studied. It is unlikely that a new programme would begin before the end of the year.

Mr Major's proposal, which will be lost – roughly one in four together with about 1,000 jobs in the group's shops, which include Debenham's, Burton, Top Shop, Principles and Dorothy Perkins.

Mr John Hoerner, who took over as chief executive last February, said yesterday the wide-ranging changes in organisation and management would cost between £10m and £15m, but would save a similar amount on staff and management costs this year.

He said the move towards greater part-time working would enable savings to be made as staff could be targeted to work at the busiest periods. He hoped that many full-time staff would remain as part-time

## Burton Group cuts 2,000 jobs in big restructuring

By Neil Buckley

BURTON, the retail group, is cutting 2,000 full-time jobs, but creating up to 3,000 part-time ones, in the latest evidence of a trend towards part-time employment in retailing.

Some 533 head office jobs will be lost – roughly one in four together with about 1,000 jobs in the group's shops, which include Debenham's, Burton, Top Shop, Principles and Dorothy Perkins.

Mr John Hoerner, who took over as chief executive last February, said yesterday the wide-ranging changes in organisation and management would cost between £10m and £15m, but would save a similar amount on staff and management costs this year.

He said the move towards greater part-time working would enable savings to be made as staff could be targeted to work at the busiest periods. He hoped that many full-time staff would remain as part-time

workers – "there is no question about the fact that as social trends change, and more and more people work and so want to shop outside traditional shopping hours, there will be more part-time workers required," he said.

Burton employs about 36,000 staff, about 17,900 of them part-time. In the retailing sector as a whole, more than a third of workers are part-time, with the proportion expected to increase to half.

Udawal, the shopworkers' union, said it was alarmed at the prospect of such heavy job losses at a time of high unemployment.

Burton, one of the most successful retailers of the 1980s, slipped into an annual loss of £13.4m in 1990, before recovering to a profit of £9.4m last year.

Future of employment, Page 13  
Lex, Page 14  
Details, Page 19

## Fewer Names expected at Lloyd's after £2bn losses

By Richard Lapper

THE number of Names at Lloyd's, the international insurance market, is set to fall to around 20,000 – the lowest level since 1982 – following losses of £2.05bn in the 1989 underwriting year which were announced last year.

Although 75 new Names – individuals whose assets support the market – are to join in 1993, the number of Names who have either resigned or been unable to meet solvency requirements could be as high as 2,000, according to Mr Bob

Hewes, director of regulatory services at Lloyd's. A further 250 Names have died during the last twelve months.

Names had until the end of last year to tell agents whether they intended to remain at Lloyd's for the 1993 year but it will take several weeks for the Lloyd's Corporation, which provides back-up services to the market, to process the information. Mr Hewes will be one of 16 members of the insurance market's new regulatory council, which is to be chaired by Mr Brian Garroway, former deputy chairman of BAT.

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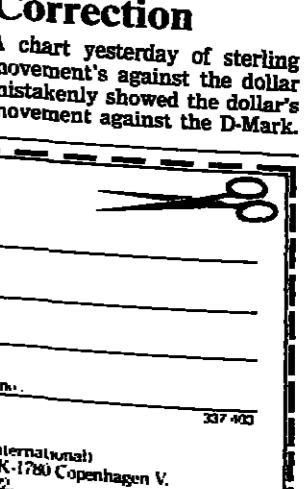
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- Both premises are leasehold.

For further details please contact the Joint Administrative Receivers of Sports & Leisure Developments Plc, A R Bloom and G H Hughes, Ernst & Young, 3 Lambeth Palace, Road, London SE1 7EU. Telephone: 071 931 3101. Fax: 071 928 0425.

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**ANNOUNCEMENT**

**OF A PUBLIC AUCTION FOR THE HIGHEST BIDDER**

GREEK EXPORTS S.A., registered in Athens (17 Panepistimiou St.) and legally represented, in its capacity as liquidator, in accordance with article 46a of Law 1829/1990, as supplemented by article 14 of Law 2000/1991 and following the decision of the Thessaloniki Court of Appeal No. 3210/1992

a public auction for the highest bidder, with sealed, binding offers for the purchase in toto of the assets of the company under special liquidation named AGROINDUSTRIAL S.A. (GEVLS.A.) established in Methoni, Pieria and known to be referred to as 'the Company'.

**ACTIVITIES AND BRIEF DESCRIPTION OF THE COMPANY**

The Company is engaged in the processing, canning and deep freezing of fruit and vegetables as well as in the sale of these products.

It owns the following immovable:

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2. An industrial unit for fruit sorting at Argosoli, Nafplion on a 4,500m<sup>2</sup> plot of land with a building area of 2,112m<sup>2</sup> where a fruit sorting line with a capacity of 8 tons per hour is installed and functioning normally.
3. Two (2) floors (a and b) of 179,47m<sup>2</sup> each containing offices and a basement of 131,88m<sup>2</sup> in the career building of the Municipality of Thessaloniki at 22 Asopou and Promitheou Streets.

**TERMS OF THE AUCTION**

1. Parties interested in participating in the auction are invited to receive from the liquidator the Offering Memorandum and the draft letter of guarantee in order to submit a sealed, binding offer to the notary public appointed to the auction, Mrs. Stavroula Bagatz-Kindis at 34 Pafidipou Street, Thessaloniki, Tel. (0365) 31054, by Tuesday, 2nd February 1993 at 10:00 hours.

Offers must be submitted in person or by a legally authorized representative.

2. The bids will be unsealed before the above notary on 3rd February 1993 (Wednesday) at 10:00 hours. The unsealing will be attended by the liquidator and all those who have submitted offers before the time limit are entitled to attend.

Offers submitted beyond the prescribed time limit will not be accepted or taken into account.

3. The sealed, binding offers must specifically mention the price offered for the purchase, in toto, of the assets of the Company and be accompanied by a letter of guarantee from a bank legally operating in Greece to the amount of a hundred million drachmas (Dr. 100,000,000) or its equivalent in the US dollars.

4. The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, etc. will be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and location on the date of signature of the sale contract, regardless of whether the Company is in operation or not.

5. The liquidator, the Company and the creditors representing 51% of the total claims against the Company (Law 1829/90, article 46a, para. 1, as in force) known hereafter as "the Majority Creditors", shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale, nor for any incomplete or inaccurate description of them in the Offering Memorandum and in any correspondence.

6. Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgment and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1829/90, article 46a, para. 4, as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.

7. Bids should not contain terms which might prevaricate their bindlessness or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the majority Creditors have the right, at their uncontrollable discretion, to reject offers which do not contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders. Such unacceptable terms would be, for example, requests for the repair, improvement or transfer of fixed assets, or requests for guarantees in the collection of claims or the outcome of court actions brought by the Company in this respect, or compliance with recommendations regarding the security of the installations, or for autoguarantee insurance cover, etc.

8. In the event that the person to whom the auction is adjudicated fails in his obligation to appear, as requested, within twenty (20) days from being invited to do so, and sign the relative contract, or fails to abide by any other obligations deriving from the present announcement, then the above mentioned guarantee of one hundred million drachmas (Dr. 100,000,000) is forfeited to the liquidator in compensation for expenses of all kinds, time spent and any actual or hypothetical losses sustained, with no obligation on the liquidator's part to give any accounting or specific proof or deem that the sum has been forfeited to him as a penalty clause, and collect it from the guarantor bank.

9. The highest bidder is deemed the one whose offer has been so judged by the Liquidator and approved by the Majority Creditors as being in their best interest.

10. The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will he be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.

11. Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.

12. Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgagee's fees, rights and other expenses for drawing up topographical diagrams as required by Law 651/77, etc.) are to be borne by the Buyer.

For further information, interested parties should apply to:

- a) The Head Office of ETBA S.A.  
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Tel. +30-1-324.3111 - 324.3116
- b) GREEK EXPORTS S.A.  
17 Panepistimiou St.  
Athens (1st Floor)  
Tel. +30-1-324.3111 - 324.3116

- c) GREEK EXPORTS S.A.  
Thessaloniki Branch  
46 Nikis St. Thermaikos (Ground Floor)  
Tel. +30-1-276.6223 and 229.571

**INTERNATIONAL TAXATION**

The Financial Times proposes to publish this survey on

**18 February 1993**

Should you be interested in acquiring more information about this survey or wish to advertise in this feature please contact: Sara Mason  
Tel: 071 873 3349 Fax: 071 873 3064

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Corporate Trust Department  
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from whom listing forms can be obtained. Coupons must be lodged by an authorized depositary and left three days for examination.

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Agents for the Publishers

**GUIDELINES**

1. All documents and certificates submitted by the bidders must be certified by relevant govt and other respective agencies in the country of origin.
2. The PEP will be available for purchase for the amount of 150,000 thousand Saudi Riyals per copy from the office of the Dean of Medical College and Supervisor of University Hospitals, on -1- Ramadan 1413, corresponding to 22-24 February 1993 from 10:00 a.m. to 4:00 p.m.
3. by companies meeting the pre qualification conditions.
4. Proposals have to be submitted, to the office of the Dean of Medical College and Supervisor of University Hospitals, in Arabic and English. Three originals, on Saturday 18 Shawwal 1413, corresponding to 10 April 1993, from 8:00 a.m. to 10:00 a.m. on the 1st day and additional two with copies of the concerned representatives.
5. The correspondence address of the Project is as follows:

Office of the Dean of Medical College and Supervisor of University Hospitals  
P.O. Box 2925, Riyadh - 11461  
Kingdom of Saudi Arabia

Tel: 467-1381, 467-0821  
Fax: 467-1378, 467-0403  
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**DIRECTORATE OF NAVAL ENGINEERS  
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NR. 061/93**

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COMMISSION OF TENDER

**LEGAL NOTICE**

In the High Court of Justice No 1007 of 1994  
Chancery Division  
In the Matter of E.C. Cases Limited  
And David Michael, Liquidator  
Incorporation Act 1986

And in the Matter of the  
Companies Act 1986  
Brazilians, Inc.  
TO ALL SHAREHOLDERS  
OF E.C. CASES LIMITED

TAKES NOTICE that we, Trevor David Snowden and Barry Michael Mitchell, Liquidators of E.C. Cases Limited intend (subject to the approval of the Court) to make a final distribution of 3 pence per share to all

## MANAGEMENT

**S**tatistics produced by one of the motor industry's best known gurus, Daniel Jones, appeared to shake rigid some of the UK motor component industry's senior executives assembled in London in November.

A benchmarking study comparing Japanese and UK suppliers provided a chilling insight into just how far most of the UK industry has to go to match the "world class" productivity and quality standards set by the best Japanese companies.

Average productivity levels inside the benchmarked UK companies were found to be less than half those of their Japanese counterparts. And quality standards - measured by rejection rates - were 100 times inferior.

Jones, professor of motor industry management at Cardiff Business School, warns that because the UK component makers studied were likely to be typical of UK manufacturers, "the gap here almost certainly means the much of UK manufacturing falls short of world-class performance by a similar two-to-one margin."

But continental European component makers would be ill-advised to sneer. "Our experience tells us that a similar set of mainland European firms would probably do better," says Jones, co-author of *The Machine That Changed The World*, the Massachusetts Institute of Technology study into efficiency levels in the world motor industry.

It was this study that first coined the term "lean production" to distinguish production systems (pioneered mainly by Toyota) which use radically fewer resources - in people, materials, time and space - than traditional "mass production" techniques.

The Lean Enterprise Benchmarking Project was undertaken by Cardiff Business School, Cambridge University and the Andersen Consulting group.

The project made a head-to-head comparison of UK component makers with their Japanese counterparts, using a wide range of measures to evaluate performance and profit management practices.

These included examinations of factory lay-out, work organisation, human resources management, organisational structures and control systems, as well as the nature of relationships with suppliers, distributors and customers.

Jones describes the benchmarking process as the most powerful tool available for assessing industrial competitiveness and instigating change.

"After benchmarking one can no longer hide behind excuses or put the clock back. One has to face the facts, however unpleasant, and do something about them," he says.

The project followed a report last

UK car components makers are way behind the best Japanese competition on productivity and quality, according to new research. John Griffiths reports

## British fail to make the grade

### Benchmarking

	World class	Other
Productivity index (units per hour)*	95.0	53.7
Quality (defects)	0.025%	2.5%
Space utilisation index*	89.4	64.4
Throughput time index*	59.1	32.4
Operations automated	46%	32%
Rework and rectification	1.5%	4.1%
Stock turnover ratio (per year)	93.6	32.4
Employee in problem solving	80%	54%
Schedule variability	5.5%	11.9%

\*100-best

Source: Lean Production Benchmarking Project

year from the National Economic Development Council into Nissan's UK manufacturing experience which concluded that the British components industry was only on a par with the Japanese industry of the mid- to late-1970s when measured by rejection rates.

The Nedo report also concluded that continental European suppliers were little better than British ones.

The latest study monitored 15 companies - nine in Japan and nine in the UK. They produce a wide variety of components, including wiring harnesses, brakes, seats and exhausts.

One-third showed outstanding performance in both quality and productivity. All were Japanese. However, even the Japanese companies were far from uniformly capable. Some lagged well behind the leading "world-class" group.

But the five worst performers were British. UK plants had an average of 2.5 defects per 100 components, compared with 2.5 per 10,000 for the best Japanese plants.

The UK plants were also found typically to need twice as many

employees to produce the same number of parts.

None of the "world class" plants was found to use hourly pay based on job classifications and their employment practices were "notice-

higher level of automation.

Change is under way as UK-based suppliers absorb the methods and culture of lean production from Japanese "transplants". But even though team working, quality circles and other manifestations of Japanese "best practice" were apparent in most of the UK companies, the benefits showed up in the form of either much improved quality or productivity - but not both together.

The world-class plants also involved more of their employees more intensely in problem-solving. In such plants team leaders were pivotal, developing the skills of team members as well as taking responsibility for quality and management issues.

Also missing from many indigenous UK companies - but to which Honda, Toyota and Nissan in their UK plants are committed - are identical conditions of employment and performance appraisal for all employees, including management.

Jones says another key ingredient for attaining "world class" status is the organisation of the production

abide more progressive than those of the non-world class plants".

Not least, they were performing at their high level while also making a more complex and rapidly changing mix of products than their rivals - albeit with a slightly

higher level of automation.

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Jones says another key ingredient for attaining "world class" status is the organisation of the production



process. "It starts with integrating every production step into an uninterrupted flow - so parts travel the minimum distance and hardly wait for the next operation."

In turn, "the discipline governing the flow comes from short set-up times and small lots produced just-in-time, thus eliminating waste and work-in-progress. Full utilisation of the whole integrated production system comes from eliminating random interruption and variability, whether from a defective part, a machine breakdown, supplier hiccup or even chaotic build schedule."

The best benchmarked companies were also shown to have achieved faster throughput, much higher first-time quality, reduced rework, minimal stocks and they worked to stable schedules.

But the full benefit of such processes, Jones argues, will not be achieved without a complete supply chain organised along similar "lean" principles.

The benchmarkers found that the world-class chain was tightly integrated between vehicle assembler and even the most preliminary stages of the parts supply chain - an integration marked by minimal stock, frequent deliveries of small volumes of parts, lack of disruption and stable supply volumes. The discipline of the system came from the compressed order-to-delivery lead times and building to customer orders rather than stock.

The benchmarking team concluded that such a chain can work only if a "partnership" relationship existed all along the chain - already a recognised feature of ties between Japan's UK transplants and their "first-tier" UK suppliers of key components, but a novelty for big suppliers in their own relationships with smaller parts makers.

Implicit in this "shared destiny" is a clear mutual understanding of the need for a fair reward for each party as well as shared learning.

Despite the gulf, Jones insists that the UK industry nevertheless has a "unique window of opportunity" to lead the development of "lean" companies and supply chains in Europe - thanks to transplants and the UK's own dismal past industrial performance making it willing to learn from Japan.

It is the reason, he suggests, why German, French and Italian component groups like Robert Bosch, Valeo and Magneti Marelli are investing in the UK. "They not only want a slice of the new business created by the Japanese but also want to share in the learning so that they can transfer the lessons learned here to their home plants."

"The Lean Enterprise Benchmarking Project. Available Jan 15 from Andersen Consulting, 2 Arundel Street, London WC2R 3LT. First copy free

## Engineers learn the value of training

By Andrew Baxter

**A**s the UK engineering industry looks ahead to the end of the recession, the effect of the downturn on companies' investment in the long-term requirements for competitiveness will become increasingly significant.

Apart from product development, perhaps the most important internal investment a company can make is in training. But have British engineering companies maintained their skill levels as markets have fallen or collapsed and workforces schedules?

The survey underlines a number of issues about training that may strike a chord with other engineering companies. First, a relatively modest investment can achieve a great deal if it is accompanied by plenty of effort and commitment.

Senior has done its commercial training almost "on the cheap", says Bell, by avoiding mainline consultants and using smaller firms.

Second, it suggests that companies are thinking hard before swallowing the latest buzzwords from consultants.

At JCB, the main training initiative has been a customer quality programme introduced in 1990. Gilbert Johnston, deputy chairman, says: "We felt that total quality was management wasn't for us - it's too glib a method of management. We wanted our own banner which people can identify with."

The type of, and need for, training may vary among the six but they all believe they are either matching or exceeding the commitment to training and skills retention among domestic or overseas competitors. "I don't think we'll be facing a skills shortage when the recession ends," says Gaskell.

The question, though, is whether the companies can continue this commitment to training and skills retention among domestic or overseas competitors. "I don't think we'll be facing a skills shortage when the recession ends," says Gaskell.

There has, inevitably, been less need for engineering training because recruitment is on hold and manufacturing staff have been made redundant. "It did not make sense to bring apprentices in when we were making skilled men redundant," says Colin Gaskell, managing director of 600 Group.

But that has shifted the emphasis

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### CJA CAPITAL MARKETS - SPANISH SPEAKER

# Markets for the brave

Where in the world should investors buy property? Even if there is an improvement this year on the past 12 months, the search for new opportunities is strictly for the brave.

There is no guarantee that the first into the property recession will be the first out. The severity of the property downturns in the US and UK - which entered the downturn well before Japan and continental Europe - is so bad that recovery is likely to be slow and halting.

Less mature markets also promise a rocky ride. The emerging markets of central and eastern Europe are riven by political and legislative difficulties and even the fast-growing markets of south-east Asia are suffering from oversupply.

While the weaknesses of large industrialised economies are the main factors contributing to this malaise, there are other reasons why most markets are suffering together.

The increasingly global flow of funds in the 1980s allowed banks and investors to export property booms from one market to another. At the same time, the rapid expansion of the financial services industry set off periods of heady construction in New York, Tokyo and London.

The result is that the world's biggest cities are full of empty offices. More than a fifth of all office blocks in the City of London, Sydney, Melbourne and Perth and the US are empty. Paris is heading towards a vacancy rate of 10 per cent. In Germany, and even Japan, which have had the lowest vacancy rates in the world, rates are creeping up significantly.

Rising interest rates towards the end of 1989 dried up liquidity and burst the bubble, leaving an oversupply of buildings, rapidly falling prices, shortage of capital and credit and a near-crisis in the banking industry, which had lent heavily to the sector.

The severity of these problems defies easy solutions. Falling interest rates in Japan and the US have not stopped the rot. Much of Europe does not even have the panacea of cheap money: tight monetary policy in Germany, the result

## Vanessa Houlder on global opportunities for investors

of the huge cost of reconstructing east Germany, has kept interest rates high across most of the European Community.

Indeed, with continental markets in decline after the good times of the past decade, Europe has now fallen out of favour with prospective investors.

Between 1985 and 1990, rents in good quality property in leading European cities rose by an average of 14.4 per cent annually and capital values by 17.8 per cent a year, according to Jones Lang Wootton, chartered surveyor. The growth prospects proffered by the single European market - which came into effect at the start of this month - and the gradual lifting of investment restrictions in recent years across the continent, has encouraged companies and investors to snap up offices across Europe.

Average capital values across continental Europe have already fallen by 23 per cent from their peak in 1991, says Jones Lang Wootton, and there is every sign that the decline will continue. Only

Hamburg posted any rises in rents in 1992.

Spain is enduring the steepest fall in values in the EC, apart from the UK. Capital values of prime offices have fallen by about 30 per cent in the past year in Barcelona and by 28 per cent in Madrid over the past five years.

In Milan, office values have fallen by a fifth. However relatively modest gearing has given the Milan market some resilience.

France probably provides the greatest cause for concern. Banks and insurance companies are closing ranks in an attempt to reduce the damage from the up to FFr80bn (£9.6bn) of estimated doubtful

debts in their property loan portfolios.

The French government has proposed measures such as granting tax advantages and deferral of stamp duty to help the industry. However, the government is reluctant to be seen to be helping out speculators and its half-hearted measures are unlikely to stabilise the market given the large supply of new office space that is due to come onto the market this year.

Recession and high interest rates have sent much of the German market into reverse. The reconstruction of eastern Germany, like other markets in central and eastern Europe, is being held back by problems of land restitution. Economic hardship and the difficulties in imposing a market structure after decades of communist rule are additional difficulties in Hungary, Poland, the Czech Republic and Slovakia.

Opinions differ about the UK, the worst-hit market in Europe. In spite of severe structural problems of oversupply and weak demand, a small but growing number of investors believe that the decline of the past three years has run its course. "This is a good time to buy," says Mr Gerald Blundell of Jones Lang Wootton. "This year will be the turning point."

Similar arguments are promoted by optimists in Australia and the US. Australian real estate represents an excellent counter-cyclical play," according to Baillie Knight Frank Research, property advisers.

Some property specialists also believe that US markets, where office values have fallen by more than 50 per cent in the past four years, are through the worst. "Although there is

no sign of improvement yet there are growing signs that we are at the bottom," says Mr Sol Rabin, a partner of TCW Realty Advisors.

The bull case for US property is that new construction has ground to a halt and recovery is gathering pace. For all that, it usually takes several years of growth before companies take new premises. And the construction peak of the 1980s will take years to work through: some 40 per cent of buildings in the US were built in the past 10 years. Moreover, lower interest rates have not yet encouraged a resurgence of investment, which has fallen from \$21bn in 1988 to about \$30bn in 1992, says Mr Rabin.

An aspiring investor would do well to examine the property markets of Asia, which in spite of oversupply problems are generally supported by robust economic growth, with the notable exception of Japan.

"Asia still continues to be one of the brightest areas in the world," says Mr Alan Hill of Jones Lang Wootton.

Malaysia has attracted much attention from investors. Factors such as political stability, shortage of office space, and its bid to hold the 1998 Commonwealth Games have led to rising values and the launch of big developments.

But there are also many risks in Asia. Thailand and Hong Kong are dogged by political uncertainty; Singapore has a large oversupply of office space, which has resulted in a fall in excess of 20 per cent in rents since the end of 1991.

Another concern is that Japanese banks and investors, which have supplied much of the capital for investments in the region, have withdrawn, forced in large part by severe problems in their domestic property market. Values have fallen by 30-40 per cent in Tokyo; non-performing loans are estimated to be in the order of Y30-Y50 trillion.

The property losses suffered by many big banks are perhaps the most worrying consideration for would-be investors. This is because property prices are heavily influenced by the availability of credit. Although investors may be encouraged by the possibility of buying near the bottom of the cycle, caution is likely to remain the watchword in 1993.

Roy Gardner has been made managing director of GEC-Marconi, the General Electric Company's £3bn-a-year defence arm. He replaces David Fletcher, who held the job for only 18 months.

The change was made discreetly last month, in accordance with the publicity-shy traditions of the GEC group. Gardner, who is 47, was brought back into GEC-Marconi as Fletcher's deputy in September. He was finance director at the company before being headhunted in 1986 to fill the same post at STC, where he became right-hand man to chairman Arthur Walsh and gained a name as a cost-cutter.

After STC's takeover by Northern Telecom in late 1990, he became chief operating officer of Northern Telecom Europe.

His first move in his new job

was to merge four subsidiary companies into a new grouping, GEC-Marconi Avionics, encompassing activities from airborne radar to flight controls and power systems. The new company, with annual sales of about £850m and 13,000 employees, can lay claim to being the biggest in Europe in the avionics sector.

Gardner's background in finance contrasts with that of Fletcher, an engineer who has

spent his whole career at GEC-Marconi. In the managing director's post, Fletcher made his mark with a confident and innovative approach to new

## English Trust makes Gadd moves

Following the purchase of the UK corporate finance activities of boutique merchant bank JS Gadd last month, English Trust has put former Gadd managing director Charles Good on to the board of the group's holding company and Stephen Goschak on to the board of the principal operating subsidiary English Trust Company Ltd.

JS Gadd's parent, SG Investments, which was founded by Staffan Gadd in 1987, three years after he quit his position as chairman and chief executive of Samuel Montagu, has been engaged in a series of disposals because of pressure from its original Swedish shareholders, many of which have gone into receivership, to the same end.

Goschak, 40, trained as a chartered accountant with Touche Ross; after spells at London Trust and Charfield, the venture capital group, he joined JS Gadd on the corporate finance side. Good, meanwhile, goes on to the group board in a non-executive capacity (*see below*).

At the same time, English

Trust, which effected a management buy-out from Nordbanken in 1991, promoted Alexandra Gillham, 29, on to the board of English Trust Company. She has been closely involved in advising Trio Investment Trust in the prolonged deal last year involving the purchase of money broker Martin Bierbaum.

Notwithstanding the

depressed state of the UK cor-

porate finance market and the number of second-tier merchant banks who have curtailed their involvement in it, Goschak, who claims to have a number of deals in the pipeline, says he genuinely believes English Trust can offer small and medium-sized companies a better service - in contrast to the "very mixed" treatment they get from the leading houses.

## Charles Good

Charles Good, formerly managing director of JS Gadd, is moving to Glasgow as managing director of the Scottish operations of Shoprite, the fastest growing part of the discount food store empire. The position is a new one, that had become inappropriate to run the Isle of Man-based company entirely from the island.

Shoprite, the property-to-discount food stores group, has established 35 stores in Scotland in the past two years and plans to open at least 24 more in the next 12 months.

Good, 46, has been advising

Shoprite for the past seven years and been on the board in a non-executive capacity for the past three.

A chartered accountant who picked up corporate finance skills at S G Warburg before setting up his own company, C A Good, at the beginning of the 1980s, he sold out to JS Gadd in 1987 for £500,000. The UK corporate finance busi-

nesses of the latter, in turn, were sold to English Trust in December.

He explains the move as motivated "not by a negative feeling about corporate finance and certainly not about English Trust. But I have been in this game for 20 years".

He adds that he is a great believer in the Shoprite formula and that he is "sympathetic to the industry" - having personally owned three supermarkets in Reading between 1978 and 1982.

## Analyst Plaut

■ Timothy Plaut, the number one Extel-rated analyst for German equities, has left SG Warburg after six years. Plaut, along with the rest of the team, Nick Jones and Stefan Sannen, will be joining Goldman Sachs at the start of February.

Goldman, which two years ago had no physical presence in Germany, has expanded rapidly with around 75 staff now based in Frankfurt. The US investment bank says the Warburg hiring reflects the need to expand its German equity coverage.

However, Plaut and his team will be based in London, along with all the rest of the European research team - save one or two economists.

In an unusual move, the previous head of equity research, Mark Edmiston, is transferring to New York as a senior European equity salesman.

■ Ian Brindle, senior partner of accountants Price Waterhouse, has been appointed a member of the Accounting Standards Board, the UK accounting standards body.

Brindle, 48, replaces Elwyn Billidge, senior partner of Ernst & Young, who resigned from the ASB recently.

He is no stranger to professional bodies, having been a member and then chairman of the Auditing Practices Committee from 1986-90.

He brings membership of the ASB back to nine voting members at a time when it is entering the most testing phase since its creation in August 1990. The others are David Tweedie, Alan Cook, Robert Bradfield, Sir Bryan Cusberg, Michael Garner, Donald Main, Roger Munson and Graham Stacy.

Until his new appointment, Brindle was also a member of the ASB's user issues task force, which produces judgments on newly emerging accounting approaches. He has been temporarily replaced by Mary Keegan, another PW partner, who is likely to take his place permanently.

■ Peter Baring, chairman of Baring, is to be chairman of BARING ASSET MANAGEMENT, on the retirement of Miles Rivett-Carnac.

■ Rupert Tyler and Charlotte Black have been appointed directors of BREWIN DOLPHIN.

■ Andrew Mickleburgh, Andrew Nell and Michael Symonds have been appointed directors of GUINNESS MAHON.

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THE FINANCIAL TIMES MAGAZINE FOR GLOBAL INVESTORS

Young, single and expatriate

Permuda in focus

Long distance life cover

Holiday buying

Globetrotters

441

## AIRLINE INDUSTRY

### Worldwide Timetable Surveys

**Business Air Travel**  
International Hotels  
21 May 1993

### Business Travel

21 November 1993

In addition to the above industry specific surveys, the FT will be focusing on individual destinations around the world in the Weekend FT Travel Section. As a national carrier, the travel specials present the ideal opportunity to associate your Airline with chosen cities or countries.

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FINANCIAL TIMES

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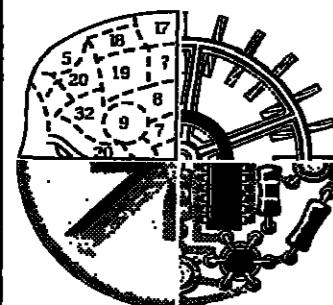
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## TECHNOLOGY

## Worth Watching · Andrew Fisher



## Portable DCC out this summer

Electronics makers Philips and Matsushita, co-developers of the Digital Compact Cassette, yesterday announced the development of a portable version of the next-generation audio system, writes Eniko Terazono.

The companies will start marketing the walkman version of the DCC this summer, starting in Japan at the price of ¥60,000 (£320). With the launch of the portable DCC, consumers may finally see the expected marketing battle between Sony's digital audio system, the Mini Disc, launched last year.

While the main difference between the two systems is that DCC is a tape format and Mini Disc is a disc format, Matsushita argues that its portable system is smaller, lighter and its batteries last 1.6 times longer than the Mini Disc.

## Computers come to the rescue

When accidents occur, the first reaction is often panic. To help deal with emergencies in industries processing hazardous materials, Pacer Systems of the US has developed what it calls the first expert computer system for those responding on the spot.

Plantsafe provides automated advice for emergency co-ordinators, safety managers and on-site team leaders who have to react quickly to fires, leaks, spills and other hazardous situations. Its main uses are in the oil, petrochemical, chemical and pharmaceutical industries. Says David Whithy, UK-based marketing manager for Plantsafe in Europe: "Previous systems have been able to provide information only on vapour or gas releases. Plantsafe provides the full range of information for emergency team needs."

Plantsafe: UK, 0483 730905. Pacer: US, 508 667 8800.

## Business as usual

Of 33 US companies which took precautions to protect mini and mainframe systems in the event of disaster, only three were in business a year later. The example is quoted by Norman Trister, head of Profile Computers, who has launched a service to enable companies to recover their PC networks.

NetCall covers nearly every type of disaster than can affect a network. It aims to let managers concentrate on running their businesses when disaster strikes, not on recovering PC systems.

Profile claims NetCall can get users back in business within eight hours. Engineers start recovery procedures within two hours.

The service provides a high-specification standard PC network with applications and data restored and a full support programme. The collapse of a PC network, says Trister, "need be no more than a temporary inconvenience". Profile Computers: UK, 071 636 5566.

## Keeping up to date on safety

Mention of new EC directives is likely to produce a yawn among those affected. This year, companies have to comply with new directives covering health and safety management, equipment safety, handling of loads, working conditions, protective equipment and display screens.

To help businesses comply with these environmental, health and safety rules, Digital Equipment Corporation has brought out a computer-based training course to make staff aware of the requirements.

Users of the training package, distributed by Compliance Training, can select topics related to their jobs or workplaces. Paul Watmough, head of Compliance Training, says the package "gives companies a truly cost-effective way of delivering timely and useful training in the new EC regulations". The basic price is £380. Compliance Training: UK, 071 377 8791.

The government's controversial determination, reaffirmed this week, to press ahead with the privatisation of Britain's rail services opens up exciting opportunities for new train operators, but is also bound to cause practical headaches.

One area fraught with potential problems is the timing of train arrivals and departures. Twice a year, British Rail turns to its train service database to produce its national passenger timetable, filling a hefty 1,500 pages. Future franchisees will have to become closely involved in this logistical exercise, likely to become even more complex when they enter the rail scene.

Although committed to franchising out passenger services, the government will not abandon the national timetable. Thus operators will have little scope to make their services more attractive than BR's existing trains by obtaining more favourable timetable slots. The main advantage of privatising routes will, as the government sees it, be in improved service and marketing.

However, new operators will be involved in the timetable planning process, though timetables will be allocated centrally by a new regulatory body. BR employs about 100 planners in six regional groups to draw up its timetable. Their job is to turn a list of competing bids to run services from BR business managers (and, in future, franchisees) into a safe, coherent, integrated service.

The timing of every train in the country - there are 16,000 services a day - is worked out individually and interleaved with slower or faster trains that want to use or cross the same track, taking account of engineering works and speed screens.

One of the busiest regions is handled at Rail House in Crewe, Cheshire. This is the West Coast Mainline, including InterCity services between London and Birmingham, Manchester, Holyhead, Carlisle, Liverpool and Manchester, as well as InterCity Cross Country services, local services and freight.

In the West Midlands alone, this means juggling the needs of InterCity trains to and from London with the competing demands of Midland Cross Country Railway, Regional Railways Central, Birmingham's Centre and Railfreight, with the slowest train on the line governing its capacity.

The team's main tool is Protim, a system developed by BR computer staff in York. Protim encapsulates BR's train planning rules and is based on personal computers linked in a local area network and connected to the central Train Services Database (TSDB) on a mainframe computer, also at Crewe.

The planners also have access to



Just the ticket: timetable planners offer a compromise between the aims of the business manager and the line's capabilities

## Steering clear of chaos

Nuala Moran on how British Rail compiles its timetable and how private franchisees will compete for space

a computer system in Derby which holds data on track geography and speed restrictions and the capabilities of each class of BR locomotive, allowing planners to time any train between two points.

The timetable planning process begins with a bid from Chris Dwyer, West Coast InterCity business manager, and his colleagues for slots, or train paths, to run a set of services. John Whitmore, chief timetable planner at Crewe, needs to know the number of trains for each service, where they will go from and to, and where they will stop.

Faced with a barrage of conflicting bids for train paths (the West Coast Mainline consists of a fast up-and-down track and a slow up-and-down track, with few opportunities for overtaking), the timetable planners invariably offer a compromise between the aims of the business manager and the line's capabilities.

"Our aim is to come up with a

performance schedule based on a set of rules called Rules of the Plan which are agreed between the operator, train planner and the performance manager who monitors BR's efficiency," says Whitmore.

The Rules of the Plan include such constraints as:

- Station dwell time - the standard period (now one minute) that trains stop at intermediate stations.
- Connection allowance - the maximum time needed to get to a connecting train at main interchanges. The approach here is to take the case of, say, an elderly person with bags who cannot use stairs and has to go across a big station.
- Changing locomotives - some trains will need to change locomotives from electric to diesel; the rules allow 11 minutes.
- Turnaround time - every InterCity train needs a long stop at the terminus while it is cleaned and has reservation tickets attached; 40 minutes is allowed.
- Engineering recovery time -

this is distinct from engineering works and involves a speed restriction applied while new ballast consolidates.

In the current timetable, there is an extra allowance of 12 minutes in the London-Glasgow timings for such reduced speeds.

BR has a real-time computer system which tells it where each train is and how it is performing against its timetable, providing feedback for timetable planners of any changes needed.

Once the planners have a list of the trains BR wants to run and how long each will take on its journey and between all intermediate stages, they still have to fit each service into a timetable, ensuring that timetings do not conflict.

The main charge levelled by opponents of the franchising plans is that they fail to take account of the complexity of BR's operations. Changes in the timings of trains between London and Manchester can affect services as far away as York and Newcastle.

## The way to leap ahead

New technologies can both excite and frighten companies without the resources or knowledge to exploit them properly, however much they may stand to benefit.

"For this reason," says Fraunhofer, a German applied research organisation, "many small and medium-sized ventures prefer to play safe and manage without the latest forward-looking equipment."

To try and help such timid or inexperienced businesses, Fraunhofer's Production Technology Institute in Aachen has got together with the Institute of Technology Management at St Gallen University, Switzerland, to produce a technology "calendar".

The idea is to offer information not only on technologies relevant to particular products, but also about the economic and human resources needed to implement them.

For example, some complex processes may well be technically and financially suitable for certain companies. But lack of qualified people could make it hard to introduce advanced production methods.

The technology calendar comprises a special database (called dabit) on innovative technologies and guidelines telling companies which materials (such as plastics, ceramics, and special steels) can be subjected to which processes (such as cutting or coating by laser, water jet cutting, or injection moulding) and at which manufacturing stage.

Those using the calendar - though developed in Germany and Switzerland, it is aimed at companies around the world - can either just tap into dabit to keep up to date with particular technologies or make use of guidelines developed for particular technological, financial and employment circumstances.

However, companies in some countries will obviously be in less need of such assistance than in other parts of the world. As experts at Aachen and St Gallen point out, the success of many Japanese companies stems from the fact that they invest more than twice as much in developing and applying advanced production technologies as do comparable US concerns.

Andrew Fisher

FT  
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## ARTS

## Korea squashed into a corridor

Susan Moore visits the Samsung Gallery

The V&A's new Korean art gallery is little short of a slap in the face for the culture it seeks to celebrate. First, the "gallery" - a glorious misnomer for what is in fact a section of corridor previously occupied by part of the sculpture collection. This is the nub of the problem. The gallery is heralded as "the first permanent, comprehensive display in Britain", reflecting some 1500 years of Korean art and craft. What we find are some 200 objects of wildly fluctuating quality presented in a hotch-potch display. Is this crowd of exhibits, squeezed into a corridor as if an embarrassing postscript to the Far Eastern collection, a fair representation of the achievement and culture of the Korean people? I think not.

A new Korean gallery was not at the top of the list of the museum's priorities. It has an important but smallish collection of some 600 items, notably ceramics, built up *ad hoc* after 1978. During the state visit to Britain of the Korean President and his wife in 1988, the First Lady Kim Ok-sook was disappointed by the low profile of Korean art in Britain and asked whether the V&A would be interested in a Korean gallery. Soon after, the Korean conglomerate Samsung came forward to offer the museum £430,000 for the project. Looking around the Samsung Gallery of Korean Art, it is difficult to see how the sponsor's money was spent.

Rather than allowing the strengths - and weaknesses - of the museum's holdings to determine the nature of the display, the curators opted instead for the bold historical sweep regardless of the lack of appropriate material with which to flesh it out. Take the ceramics, which line the right wall of the corridor. The first case, which claims to display Korean pottery 300-900 AD, fails to do justice to the abundance, diversity of shapes and skill of the Silla potters and makes for an unpromising introduction. While the collection does have some fine examples of 18th century white porcelain with underglaze red decoration, these are outnumbered by a clumsy

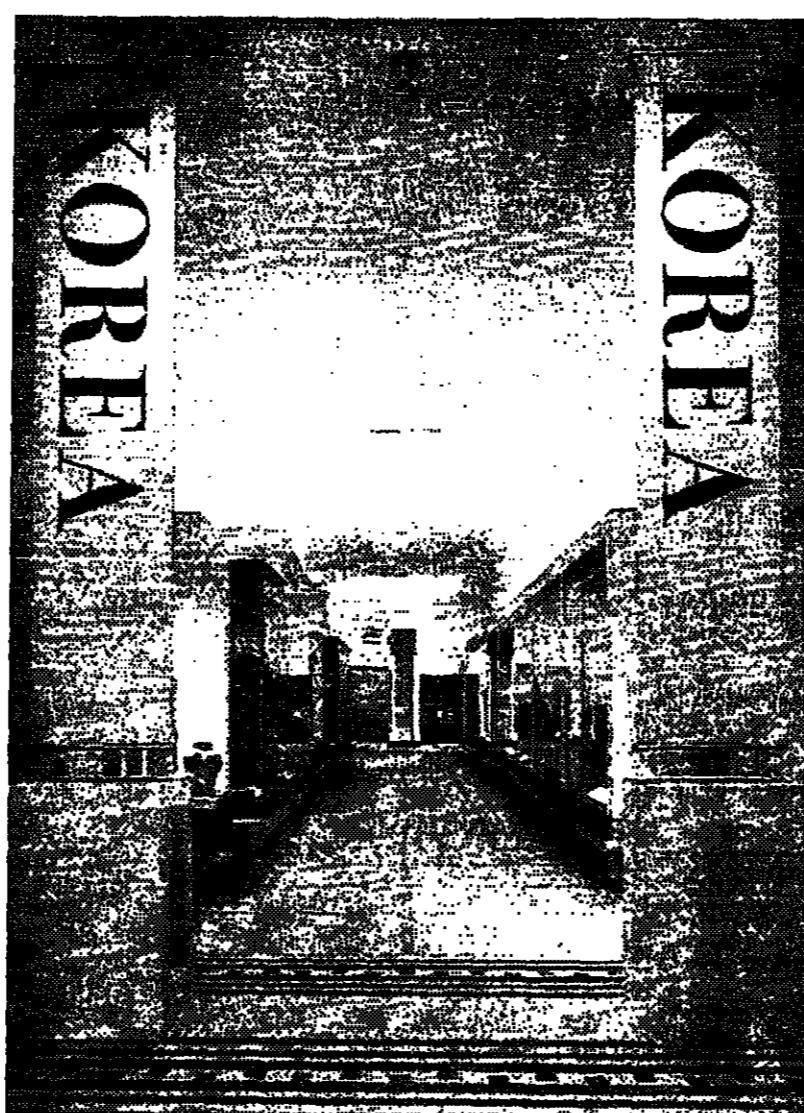
arrangement of large blue and white porcelain, grey and deformed.

Equally misleading are the displays of furniture, textiles and metalwork on the left flank of the corridor. The collection has been arbitrarily ordered into themes in the spirit of the T.T. Tsui Chinese Gallery, where works of art are presented as documents of social history. In the shallow space of "The Man's Room", for example, we find a carved slate funerary epitaph to a 17th century official which would probably have been made for display in an ancestral shrine. Similarly, alongside objects made for the scholar's desk such as elegant porcelain and inlaid metal brush pots, we find a small bronze incense burner that, far from being an object of everyday life, was used in Korea for ceremonies, either in a Buddhist monastery or for ancestor worship. A kind of eternal Korea is presented: there is no sense of chronology or evolution. Some objects are contemporary, others may be 16th century.

The cases are sprinkled with objects that strike even the untutored eye as third-rate - a Choson lacquer table inlaid with mother-of-pearl; hunting and flower screens; and a garish contemporary flower painting made by a Buddhist monk. A glance at their inventory numbers reveals them to be the fruits of last-minute shopping expeditions to stop the gaps. The inexplicable absence of any Korean art specialist from the gallery advisory committee is only too apparent.

It would be wrong to suggest that the gallery did not contain rare and exceptional works of art. There is the arresting Choson jar bearing a boldly gestural lotus flower in underglazed red. Another of the collection's treasures is a Koryo dynasty bronze vase of 1100-1300 AD, subtly inlaid in silver wire with delicate willows and waterfowl. The inlaid Koryo celadons are peculiar to Korea, as are the brightly painted ox-horn caskets from the late Choson period.

By not being sufficiently selective the Far Eastern department does a grave



The new Samsung Gallery of Korean Art at the V&amp;A

diservice to its public. It is worth contrasting the V&A experience - complete with unhelpful silent videos and exceptional works of art. There is the arresting Choson jar bearing a boldly gestural lotus flower in underglazed red. Another of the collection's treasures is a Koryo dynasty bronze vase of 1100-1300 AD, subtly inlaid in silver wire with delicate willows and waterfowl. The inlaid Koryo celadons are peculiar to Korea, as are the brightly painted ox-horn caskets from the late Choson period.

Both galleries reveal a respect and a feeling for works of art which are lacking in these cluttered shop-window dis-

KOREA

plays. Here, individual objects do not have the breathing space to be properly viewed or to speak for themselves. The quiet, understated quality of so much Korean art does not profit from busy neighbours. Thanks to the peculiar serenity of the Gompertz Koryo celadons - combinations of simplicity of shape, sparse decoration and perfect, luminous glazes - the effect of the Fitzwilliam gallery is overwhelming. The visitor goes away determined to find out more. Faced with the Samsung Gallery, the visitor could be forgiven for walking away unmoved and little the wiser.

## Theatre/Malcolm Rutherford

## The Curse of the Pharaohs



Peter Glancy, Sophie McConnell, and Nick Rawling

Sophie McConnell for the relatively small part of Lady Evelyn. Ms McConnell, without the slightest affection, is both loving daughter to her father and doting admirer of Carter.

Then in the second act, Carnarvon dies. I thought this scene, played by Peter Glancy as Carnarvon, was extremely moving. Again, nothing is overdone. The old theatrical standby of death on the stage and a final deathbed conversation, man-to-man, come of gloriously.

Even Glancy, however, is finally over-

taken by Nick Rawling as the Egyptian. As prime minister, Rawling throws out the patronising British only to be himself thrown out as the British fight back. He takes the rebuff with immense calm and charm, confident no doubt that one day the Egyptians will be back.

Other pleasures abound: the Egyptian music composed by Richard Hancock, the lighting by Ron Hollis which is essential to the plot. There are some very funny, very English lines along the way. Brooks has been writing for

Empty Stage since 1989. His previous works include an adaptation of *Pilgrim's Progress* and *The Strange Case of Dr Jekyll and Mr Hyde*. *The Curse of the Pharaohs* is that it is not just a play for a studio stage, it should go down well anywhere. The production is impeccably directed by Andrew Holmes, the founder of Empty Space. If he turned off the illuminated exit sign at the back of the theatre, one of the key scenes would be even creepier.

Lyric Studio, Hammersmith, until January 23. (081) 741 8701

## London Symphony. Other artists taking part include the Nash Ensemble and Borodin Quartet.

The Guildhall School of Music and Drama will present a performance of *Curlew River*, the first of Britten's church parables. There will be a Britten exhibition, plus film screenings of his opera *The Turn of the Screw* and *Love for a Stranger*, the only feature film for which he specifically composed the score.

Other highlights of the London music calendar over the next two months include a three-day Janacek Festival organised by the BBC at the Barbican from the new chief conductor, Martin Turnovsky (Jan 24), a new Royal Opera production of Verdi's rarely-staged *Safatello* conducted by Edward Downes (Jan 25) and a Schubert Festival at the South Bank Centre starting on Feb 4.

The theatre programme features Arthur Miller's new play *The Last Yankee at the Young Vic* (Jan 21-March 27), King Lear directed by Max Stafford-Clark at the Royal Court (Jan 21), The Importance of Being Earnest at the Aldwych with Maggie Smith as Lady Bracknell (March 9) and Richard Eyre's new National Theatre production of Macbeth starring Alan Howard (March 26).

## EXHIBITIONS GUIDE

## AMSTERDAM

Rijksmuseum North

Netherland Art 1580-1620.

Ends March 7. Discarding the Brush: Gao Qipei (1660-1734) and the Art of Chinese finger painting. Ends Feb 28. Closed Mon.

Van Gogh Museum Glasgow 1900: art and design from the city's heyday. Ends Feb 7. Daily.

BERLIN

Alte Nationalgalerie The Collection of Count Raczynski: Paintings of the late Romantic era. The collection of the 19th century Polish aristocrat and diplomat consists largely of German and other European masters from the period 1830-70.

Ends Feb 14. Also Art in Germany 1905-37: paintings and sculpture from the gallery's own collection. Ends April 21. Closed Mon and Tues.

Neue Nationalgalerie Pablo

Picasso: After Guernica. A major exhibition of 90 paintings, 80 drawings and ten sculptures representing his later work, with a special focus on the 1950s.

Ends Feb 21. Closed Mon.

COLOGNE

Museum für Angewandte Kunst

Jewels of Fantasy: 350 pieces

of costume jewellery by names

such as Chanel, Dior and

Kenneth Jay Lane, tracing the

social, economic and cultural

influences on 20th century

jewellery design. Ends Feb 7.

FORT WORTH

Kimbell Art Museum Egypt's

Dazzling Sun - Amenhotep III

and His World: 143 works,

including colossal statues, wall

paintings, ritual implements,

jewellery, ceramics and

rainbow-coloured glass, focusing

on Tutankhamen's illustrious

ancestor, who reigned 1391-1353 BC. Ends Jan 31 (this exhibition will be seen in Paris in the spring).

GLASGOW

Burrell Collection Boudin at Trouville: a collection of paintings by the late 19th century minor master from Normandy, showing how one painter's view of the same seaside scene is affected by differing weathers and minimal regroupings. The period charm of the society scenes remains intact, but attention is diverted from the topical anecdote to what really interests Boudin - the infinitely variable play of sunshine and cloud, wind and calm. Ends Feb 26.

THE HAGUE

Mauritskuijts The Mystery of a Ball Unravelled: the technical and historical investigation of a Flemish painting. Ends Feb 21. Closed Mon.

HANNOVER

Sprengel Museum Picture

Metamorphoses: an exhibition

devoted to artists who drew

inspiration for a variety of work

from a single subject, with

paintings by Manet, Léger, Emil

Male and others. Ends Feb 7.

Closed Mon

LONDON

Accademia Italiana Ruskin and

Tuscany: around 270 exhibits,

including original works by

Ruskin and associated artists,

plus books and historical

material, showing the impact

of Tuscan culture on the

Victorian polymath who became

the most influential art critic and

cultural historian in mid-19th

century Britain. The exhibition

looks at the art and architecture

of four major cities - Florence,

Pisa, Siena and Lucca - and

examines Tuscany's contribution

to European civilisation. Ends Feb 7. Daily.

TATE GALLERY Visualising

Masculinities: 13 paintings and

sculptures from the Tate's

collection, exploring questions

about the display and meaning

of the male body in art since

the mid-19th century, and

including work by Millais,

Epstein, Pollack, Bacon and

Longo. Ends June 6. Daily.

ROYAL ACADEMY OF ARTS Sickert:

134 works from collections

worldwide. Ends Feb 14. Daily.

NATIONAL GALLERY Munch: The

Frieze of Life. Advance booking

through First Call 071-497 9977.

Ends Feb 7. Daily.

MARTIGNY

Fondation Pierre Gianadda Ben

Nicholson: retrospective of the

British abstract painter. Ends

Jan 24. Daily.

MUSEUM OF MODERN ART Matisse:

Ends Jan 12. Closed Wed

(Admission by timed entry

tickets: call Ticketmaster 212-307

4545)

METROPOLITAN MUSEUM OF ART The

Royal City of Susa: Ancient Near

Eastern Treasures in the Louvre.

Ends March 7. Also Masterworks

from Lille: 100 paintings and

drawings from the Renaissance

to the 19th century. Ends Jan

17. Alexander Jackson Davis:

great romantic of American 19th

century architecture. Ends Jan

24. Lorna Negra, a Peruvian

Lord's Tomb: 3rd century

BC. Ends Feb 7.

adornments made by the Moche

people of Peru. Ends July 4.

CLOSED MON

Brooklyn Museum Frederic

## Ukraine puts brakes on Start

Kiev might obstruct nuclear cuts, says Chrystia Freeland



Kiev controls missile personnel

In addition to Russia, three republics – Kazakhstan, Belarus and Ukraine – still have nuclear weapons stationed on their territories. Kazakhstan has already followed Russia's lead in ratifying the 1990 Start 1 treaty agreed between the Soviet Union and the US, which promised cuts in both countries' long-range nuclear missiles. Belarus can be expected to follow suit if Ukraine complies. But the Ukrainian parliament is resisting ratification of Start 1. And under the accord reached in Moscow, Start 2 cannot go into effect until the previous treaty is ratified.

Moreover, in the view of western military specialists, Ukraine is the only non-Russian republic with the capacity to become a nuclear power. It is home to many of the factories used to develop the Soviet nuclear arms industry, and the government in Kiev has won over the loyalty of most of the former Soviet soldiers serving within Ukraine's borders. As a result, many of the personnel guarding the 176 inter-continental ballistic missiles stationed on its territory take orders from Kiev.

Thanks to the combination of military potential and political resistance, Ukraine has suddenly emerged as the critical piece in the international disarmament puzzle.

Resolving the issue of Ukraine's nuclear arms is complicated by the divisions among the country's leaders. A vocal minority comprising Ukrainian nationalists and ex-communist hardliners contends that nuclear weapons are Ukraine's only guarantee against aggression from Russia.

It believes such safeguards are increasingly important, as relations between the two countries have deteriorated following disputes over the division of the Black Sea naval fleet and Ukraine's eastern border with Russia.

The Ukrainian ministries of defence and foreign affairs, by

contrast, continue to support removal of nuclear weapons. Marshal General Konstantin Morozov, the liberal minister of defence, has repeatedly warned the Ukrainian parliament that retaining the country's nuclear weapons would be prohibitively expensive and technically complicated, and that they should be removed in line with the Start 1 treaty. His views are supported by President Leonid Kravchuk and Prime Minister Leonid Kuchma.

But removal of nuclear weapons requires the agreement of parliament, and that will not be easy to win. Mr Dmytro Pavlychko, the influential chairman of the parliamentary commission on foreign affairs, has said that the legislature will not consider Start 1 until the country's economic reform programme has been approved by parliament. Even then, ratification of the treaty will

face a long and difficult passage.

One reason is that Ukraine's fragmented legislature has begun vote with increasing autonomy and is less amenable to control from President Kravchuk.

But there is a second explanation. Having understood the strength of its bargaining position, Ukraine is determined to get something in exchange for surrendering its nuclear weapons. Its two principal desires are economic aid and security guarantees.

The issue of economic aid is fairly straightforward. Ukraine is seeking \$15bn in aid from the west to offset the cost of dismantling the missiles, and has hinted that a \$2bn-\$3bn fund to support the Ukrainian currency would speed ratification. After November's announcement of an economic reform programme by Mr Kuchma, western governments may be more willing to supply such finance.

Security guarantees, however, are more contentious. Indeed, Ukraine would like public pledges of western assistance in the event of Russian aggression. Aware that they are unlikely to receive such pledges, Ukrainian diplomats are proposing a compromise: that all nuclear powers, or at least Russia and the US, guarantee that they will not attack Ukraine with nuclear or conventional weapons.

To date, western governments have been dismissive of Ukraine's efforts to create a special security arrangement, and have instead exerted pressure on Kiev to ratify Start 1. Lawrence Eagleburger, US secretary of state, has warned of a serious deterioration in bilateral relations if the treaty is not ratified.

A year ago, when Ukraine was a fledgling state on the brink of independence, a complete renunciation of nuclear weapons might have been won in exchange for an earlier and more enthusiastic acceptance of Ukraine into the international community.

Now, after receiving only grudging international recognition and no substantial financial aid, Ukraine has adopted a tougher stance in diplomatic negotiations. Pressure from the US to eliminate its nuclear weapons has antagonised many Ukrainian politicians.

As a result, Mr Clinton, who will be responsible for the next round of disarmament talks, may find the going much harder in Kiev than his predecessor did in Moscow.

**L**ooking back, global changes in political mood seem too obvious to miss. At least two shifts stand out since 1945. The first, in the early 1960s, marked the end of the grey, cautious post-war years and the coming of age of a confident, socially progressive generation. But the high spirits soon fizzled out amid the economic troubles of the 1970s, creating space for the conservative revolution of Margaret Thatcher and Ronald

Reagan. It is tempting to argue that a third shift is now under way. In the US, the election of Mr Bill Clinton has drawn a line under 12 years of conservative presidential rule. Against the odds, Mr John Major has clung on to power in Britain, but his government seems in almost as much disarray as the defeated US Republicans. It seems an age since the late 1980s when a triumphant Mrs Thatcher, promising to go "on and on", launched a blitzkrieg of market-oriented reforms, affecting just about all parts of society, from healthcare and education to the law.

The "economic miracles" of the 1980s seem equally distant. In much of the industrialised world, the most obvious legacies of free-market economics are deflating asset prices and excessive levels of debt. In the UK, a government that once proclaimed the importance of fiscal probity finds itself running some of the biggest deficits in British history.

In the US, the changes are just as striking. The Reagan/Bush supply-side theory that tax cuts would revitalise the economy without creating deficits is discredited. Mr Clinton's "people first" economics, involving large public investments in areas such as education and training, healthcare and infrastructure, is rapidly becoming the new orthodoxy. The affluent are bracing themselves for higher taxes.

It would be too hasty, however, to conclude that the conservative revolution is over. The 1980s appear to have changed attitudes, perhaps for good, in many countries. Asked to cite a viable alternative to free-market capitalism, democratic socialists used to shout "Sweden", which for decades had grown rapidly despite the claims on resources of a large and intrusive state.

But Sweden is now trying to move into the European main stream by curbing welfare spending, cutting tax rates and subjecting the government sector to market disciplines. And if you look beyond the

industrialised world, there seems no question that free-market doctrines are gaining ground.

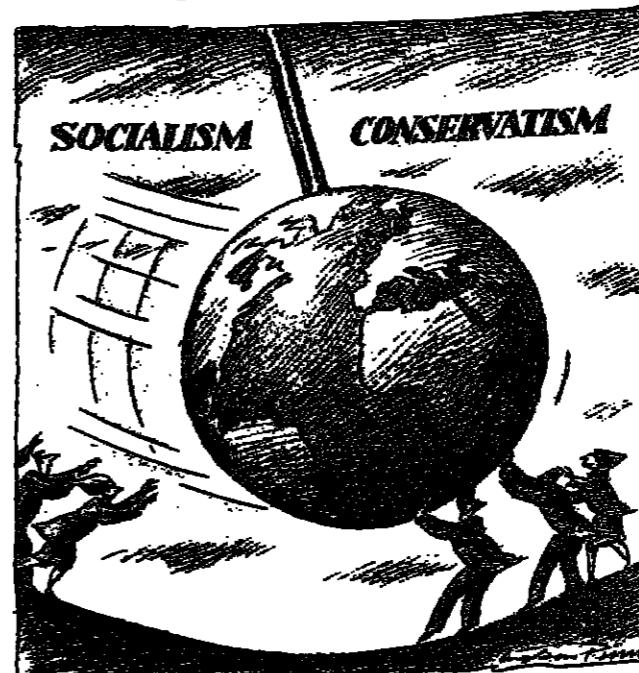
There is a fierce debate about how best to reform the economies of eastern Europe and the former Soviet Union. But the goals are less often questioned, for doubt the importance of establishing a functioning market system in which industry responds to the demands of consumers rather than vice versa. The collapse of state communism, moreover, has helped undermine confidence in large bureaucracies everywhere.

A less celebrated, but nearly as startling, transformation is under way in the third world, where many countries, disillusioned with the socialist-style economic planning introduced after the second world war, are relying more heavily on market-oriented policies. If the economic reforms gathering momentum in China are taken into account, there seems no question that the world as a whole is moving in a free-market direction.

It seems doubtful, moreover, whether the ideological backsliding in rich countries will be maintained. Led by Mr Clinton, the US is likely to fill holes in its social safety net. But the US will be merely catching up with reforms introduced a decade ago elsewhere, not blazing a new trail.

**M**eanwhile, at least two kinds of economic and social change may increase the role of the market. Fears in the 1950s and 1960s that giant monopolistic companies would gradually dominate all areas of economic life seem unfounded. In many sectors – personal computers, for example – rapid technological change appears to favour smaller, more flexible companies. Efficient production, moreover, may no longer require the physical presence of huge numbers of workers. In knowledge-intensive industries, "telecommuting" from home is becoming practicable.

But as a rising proportion of



for increasing numbers of employees.

Putting these trends together, it seems at least possible that the era of corporate giants offering lifetime employment is drawing to a close. Yet if more people work in small companies or as independent contractors, the proportion of economic activity governed by market transactions, rather than bureaucratic interaction within large organisations, is likely to rise.

Steady growth in per capita incomes may result in higher demand for private social services as people grow increasingly frustrated with the standardised services offered by the state. Indeed there may be a natural "life cycle" for the public sector. Following industrialisation, the state grows rapidly to provide poor and middle-class families with services – such as education, healthcare and pensions – that they cannot afford to buy privately and which were previously the preserve of a rich elite.

But as a rising proportion of

the population achieves the prosperity once enjoyed by the few, more families become capable of meeting their needs privately. Demand for private education, for example, is likely to continue growing. But a withering of the state as the bulk of the population becomes affluent (by past standards) is not inevitable. It may maintain market share by improving the quality and diversity of its services; and, to the extent that deprivation reflects differences in the relative, rather than absolute, incomes of rich and poor, it will retain a role in reducing inequality.

The sheer youth of the conservative revolution is a further reason for doubting its early demise. The socialist reaction against market capitalism became a powerful political force towards the end of the 19th century. But socialism was not a one or two-decade wonder. The arguments for greater social and economic equality and more extensive government regulation of (and substitution for) free enterprise dominated political debate

throughout the world for the next 70 odd years.

Policies, however, adjusted fairly slowly – and with some setbacks in Britain, the more radical ideas advocated by Fabian socialists at the turn of the century – such as the need for sweeping nationalisation of industry and very high marginal tax rates – were not implemented until after the second world war. But for many decades the direction of social change did not seem in doubt; after 1945 even bastions of free enterprise, such as the US, imposed top income tax rates of about 90 per cent.

**T**he conservative revolution of the late 1970s could be merely an interruption of this longer-term "socialist" trend. But it seems more likely that a natural limiting point was reached – in western democracies as well as former communist countries. By the late 1970s, a case could be made in most countries that big government and high taxes were beginning to exact a price in terms of diminished personal incentives and reduced industrial efficiency.

The world is thus probably now tacking back erratically to a revised (and socially more responsible) version of the *laissez-faire* doctrines of the 19th century. Mr Clinton's victory and the Major government's descent into fuzzy pragmatism are not inconsistent with these deeper forces. Both leaders are less ideological than their predecessors, but neither is seeking a return to the 1970s; the market-oriented reforms of the 1980s will mostly stand.

The best analogy is perhaps with the 1950s when right-wingers such as Dwight Eisenhower and Winston Churchill had to accommodate themselves to their times; neither tried to reverse social reforms of the 1930s and 1940s.

We are thus still in a conservative era. But the 1990s are a decade of consolidation; people are catching breath after the ideological tumult of the 1980s. Yet if the pace of change in the past century is any guide, the conservative revolution is still in its infancy. Do not be surprised if ideas that seemed to die with the passing of the Reagan/Thatcher era reappear in new – and more outrageous – guises within a few years. We have not, by any means, heard the last from libertarians seeking to "empower" individuals by abolishing higher rates of tax, rolling back the welfare state and purging the economy of wasteful subsidies.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Clinton volunteer youth corps plan an example for the UK

From Ms Elizabeth Hoodless

Sir, Your report of President-elect Clinton's plan for a nationwide circulation volunteer corps ("Citizens corps to the rescue", January 4) raises the question: why not here too?

Never before has Britain more needed youthful energy to tackle community care of the mentally ill and frail elderly; to assist health and social workers, crime prevention officers and youth leaders. At the same time we are wasting the energy and talents of more than 1m under-25s through mass unemployment, and building an alienated underclass. Also, student debt is so high that many talented teenagers are dropping out or

eschewing higher education.

An initiative which tackles four intractable problems at once deserves urgent consideration. However, our fear is that the compartmentalised shape of government cannot implement a solution to four different departments' problems: community care (Department of Health); youth unemployment (Department of Employment); crime (Home Office); and student debt (Department of Education). Perhaps the First Lord of the Treasury should act?

Elizabeth Hoodless,  
executive director,  
CSV,  
237 Pentonville Road,  
London N1 9NJ

### BBC should give customers what they want with Radio 4

From P H Ball

Sir, I have heard that the BBC intends to stop broadcasting Radio 4 on long wave.

There must be thousands of British expatriates like myself for whom Radio 4 is the main cultural link with Britain. To me Radio 4 is simply one of the pleasures of life, and the idea of it being replaced by a continuous news programme seems quite absurd.

We have quite enough of these already, including the BBC's own "648", Radio Europe, and I cannot see anyone wanting to listen to the same items of news being repeated endlessly (except in

times of emergency like the Gulf war, but then schedules can be rearranged anyway).

The BBC is supposed to be a public service which should give its customers what they want. I, and by all accounts more than 90 per cent of listeners, want Radio 4.

I should be grateful if you would use your influence to see that the BBC abandons its plans for an unwanted new service and keeps Radio 4 on long wave.

P H Ball  
Jan van Scorel park 58  
1711 EZ School  
The Netherlands

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### Separation of private and public medicine may be answer in London

From Mr Peter Fisher

Sir, Peter Draper's views on the Tomlinson report ("Look to consultants for NHS efficiency", January 5) are shared by most of those who have considered its analysis and recommendations in any detail.

The crucial point is that primary care facilities in the capital are desperately in need of upgrading, but this should be done on its own merits and not be dependent on running down the hospital sector.

The views of general practitioners are particularly relevant here as they, with patients, are supposed to be the main beneficiaries of Tomlinson. Their response indicates that they reject the assumption that London is currently overprovided with hospital beds, see the necessary improvement in general practice as needing time as well as a lot of money, and think that by revealing unmet need those improvements may increase rather than reduce the requirement for hospital beds.

The latter part of Dr Draper's article gets to the heart of the matter. Consultants are key factor in efficiency of hospital bed usage, particularly the amount of time they actually spend on

their NHS commitments. Although this point has not hitherto received a great deal of publicity in the non-medical press, there is no doubt that consultant absence can lead to delay in discharge from both in-patient bed and out-patient clinic.

The Kings Fund report that Greater London consultants earn more from private work than from the NHS is even more startling when it is realised that about half of all consultants are on whole-time contracts and are officially limited to earning not more than 10 per cent of their NHS salary from private medicine. There has been considerable movement in recent years towards blurring the edges between private and NHS.

Perhaps Tomlinson (and Draper) have provided the stimulus to rethink this and consider whether separation, at least in the capital, might not be more appropriate and cost-effective.

Peter Fisher,  
chairman,  
National Health Service Consultants' Association,  
Hill House,  
Great Bourton,  
Nr Banbury,  
Oxfordshire OX17 1QH

No colour blind mice here

From Lady Cortazzi  
Sir, May I add one more item to "20 things you didn't know..." (January 4)?

The field mice seeking comfort in the winter rummage in my recipe drawer in the coun-

try and devour cuttings from The Times but eschew the pink pages of the FT. Long live the pink 'un'!

Elizabeth Cortazzi,  
16 Hamilton Close,  
London NW8 8QY

### Nuclear energy. The power that generates 100,000 jobs.

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as mature students, over the age of 21, of whom will have contributed as taxpayers towards the cost of their maintenance.

In addition, the decision to concentrate extra funding on "further education for 16-19 year-olds" fails to note that although most full-time students in further education may be school-leavers, the majority of enrolments in most colleges are from adults following part-time opportunities.

The establishment of a

broad system of lifelong learning is envisaged in the National Education and Training Targets, devised by the Confederation of British Industry and endorsed by the TUC and government. Whether or not the FT subscribes to this solution, your readers are not of the problems facing further and higher education which sees post-compulsory education as a finishing school for an elite cohort of teenagers.

Determining the relative contribution which individuals, employers and the state should make towards meeting the costs of learning is complex enough without concern about home, which is increasingly irrelevant to adult learners.

Alastair Thomson,  
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## FINANCIAL TIMES

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Friday January 8 1993

## Targeting Saddam

PRESIDENT SADDAM Hussein of Iraq has once again staged a confrontation with the west, by moving anti-aircraft missiles into the no-fly zone imposed by the US, Britain and France in southern Iraq last August. The western allies have responded with the firmness he should by now have learnt to expect. Why does Mr Saddam keep on doing it?

The idea that he is testing the incoming US administration seems implausible, given that it is not yet in office. More probably he calculates that any confrontation with the west, even one that ends in yet another humiliation for him, will rebound to his political advantage. He certainly knows that other Arab states are unhappy about the west's self-imposed role as military protector of certain categories of the Iraqi population, sharing his view that the operation to save the Kurds in 1991, and the no-fly zones subsequently proclaimed in both north and south, go beyond anything authorised by UN Security Council resolutions.

So he may well prefer to focus attention on that issue, at a time when food prices in Baghdad are skyrocketing, when there are rumours of unrest in the armed forces, and when the Kurds in the north have joined Arab opposition forces in exile to form an Iraqi National Congress, with offices in London.

The question western leaders should ask themselves is not whether to respond to Mr Saddam's provocations, for they have

little choice. Rather they should ask whether it is sensible to leave him the initiative. They have justified their intervention in both north and south by reference to Resolution 688, which demanded that Iraq put an end to repression, called for a dialogue "to ensure that the human and political rights of all Iraqi citizens are respected", and insisted on "immediate access by international humanitarian organisations to all those in need of assistance in all parts of Iraq". Manifestly those demands have not been met.

Repression in the south continues, with virtually no access for any international organisations. In the north the Kurds are denied energy and fuel supplies in an exceptionally harsh winter.

The west should take the initiative. It should turn the southern no-fly zone into a safe haven – obliging Mr Saddam to remove not only his anti-aircraft batteries but also his repressive forces, as he has done in the north; and it should strengthen the safe haven in the north by ordering him to remove his troops from Faida, where they are blocking the main supply route from Turkey into Iraqi Kurdistan.

The longer-term objective must be to make the whole country a "safe haven" by making it impossible for Mr Saddam to continue his repressive regime. If President George Bush will go down in history as the liberator of Kuwait, it is within the grasp of his successor to become the liberator of Iraq.

## Dollar dangers

THE US ECONOMY which President-elect Bill Clinton is about to inherit looks radically better than the one Mr George Bush was required to defend last autumn. Mr Clinton can afford a sigh of relief. But only a small sigh. Economic recovery does not mean that America's medium-term economic problems will go away. They mean, instead, that the medium-term will arrive faster than expected.

The US recovery solved one dilemma for Mr Clinton. Proposals of an expansionary fiscal package now look dangerously out of date. Confidence has revived since November's election, economic growth has returned and memories of September's sickly dollar have been erased by its recent strong appreciation in European markets. Even a modest fiscal boost now looks risky, especially as the administration has at last admitted that the federal budget deficit will be much larger than previously thought.

Yet a robust US recovery will quickly lead to deficit problems of a different sort. The revival in US consumer spending, alongside the deepening depressions in Europe and Japan, have already led to a deterioration in the US trade deficit. The short-term outlook does not suggest anything other than more of the same. There is little prospect of a revival in European consumer demand in the next six months while lower European interest rates, when they finally arrive, will push the dollar still higher against America's European competitors.

## Labour's future

NOT BEFORE time, British Labour politicians have begun to argue openly among themselves. This is good news. We need the possibility of an alternative government, and unless Labour knocks itself into shape, we will not have one. The party has lost four general elections in a row. Its research suggests that it made few converts among wavering Conservatives last year, in spite of the continuing recession and the array into which Mr John Major and his cabinet fell. Constituency changes will tilt the electoral odds further against Labour before it has another chance to fight. There is little reason to believe that it will not lose again in 1996.

Such a defeat could precipitate a gradual dissolution of the party. Finding a means of avoiding that grim fate is a matter of some urgency. The present debate is between those who demand root-and-branch change – the modernisers – and those who insist on emphasising the party's working-class roots – the traditionalists. The modernisers, led by Mr Gordon Brown and Mr Tony Blair, see merit in learning from President-elect Bill Clinton's victory in the US; the traditionalists, spoken for by Mr John Prescott, reject this. They seek to protect what they call the "heart and soul of the Labour party", whose nature is defined by its historic links with the trade unions.

The traditionalists' stance has the merit of clarity, but little else. It is no use going back to an electorate with a socialist, or statist

or impossibly egalitarian manifesto if that is repeatedly rejected. That is the central lesson of Mr Clinton's campaign. He sought to convince Reagan Democrats and aspiring middle-class voters that, while he wished to give the poor a hand-up, his was not a party for losers alone. American political methods and ideas cannot easily be transplanted, but that does not mean that there is nothing to be learnt from November's victory.

Traditional Labour has become identified in the electorate's mind with the worst-off third of society. Working-class Thatcherites know that. Mr Brown and Mr Blair seek to broaden Labour's appeal among the middle third, where elections are won and lost.

Labour will get nowhere unless it convinces itself, and in consequence the voters, that it is easily responsive to middle-class concerns. All else is detail. Some new strategies may be proposed by the various committees set up by the party's leader, Mr John Smith. One is leading links with the trade unions; another, "social justice"; a third, electoral reform. The best answers are clear. Labour needs a divorce from the unions. Welfare benefits will have to be means-tested if taxation is not to be impossibly high. Constitutional reform is an attractive policy for Labour. Yet none of this will be on offer unless Mr Smith leads the party in the modernisers' direction, and all of it will be insufficient unless he contrives to win the trust of affluent or would-be affluent voters.

Kahn's preferred candidate for the job is Den Kasper, a faculty

three years ago, Barbara gave up her full-time teaching job and left London for the south coast where she now juggling three part-time jobs, one with a charity and two in further education. Harry lost his job as finance director of a medium-sized company when it was taken over 18 months ago and now has a semi-permanent consultancy job and a small business.

Barbara and Harry represent the future of employment: part-time, service-sector and knowledge-based work. By the year 2000, 1.2m mainly full-time jobs in UK manufacturing and utilities are expected to go. Over the same period nearly 2m jobs in services will be created, but more than half of them will be part-time – a trend underlined by yesterday's announcement from the Burton Group that 1,000 full-time jobs were being converted into 3,000 part-time ones.

Barbara and Harry may also represent the coming of age of the "portfolio" job – two or three smaller jobs, or projects, which together make up the hours and pay of one "normal" job. Until now the portfolio job has been the preserve of writers and artists at one end of the scale and the fate of low-income, working mothers at the other.

But as white-collar and executive unemployment rises and companies continue to contract out all but their essential "core" jobs, the portfolio is likely to become unavoidable for many and may even be chosen by a minority.

The portfolio job is not going to become the norm, but it will become a growing necessity for people who cannot return to traditional employment and may even appeal to some people with sought-after skills," says Professor Robert Lindley of the Institute for Employment Research. Currently about 1m people in the UK have more than one job.

Even the majority, who continue in traditional full-time jobs will, if they are ambitious, have "multiple careers", spanning an increasing number of employers.

"Until recently it was deemed essential to have at least three significant career changes in one's lifetime in order to secure jobs with good pay, quality training and promotion prospects. Now the threshold has risen to four, with every likelihood of a further increase in this decade," says jobs consultant Professor Amin Rajan of the City University Business School.

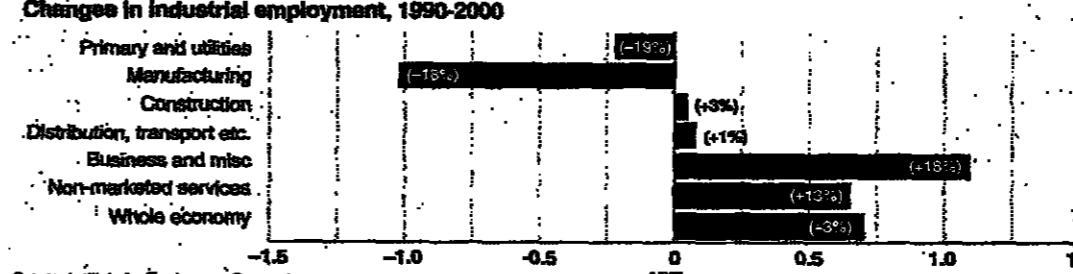
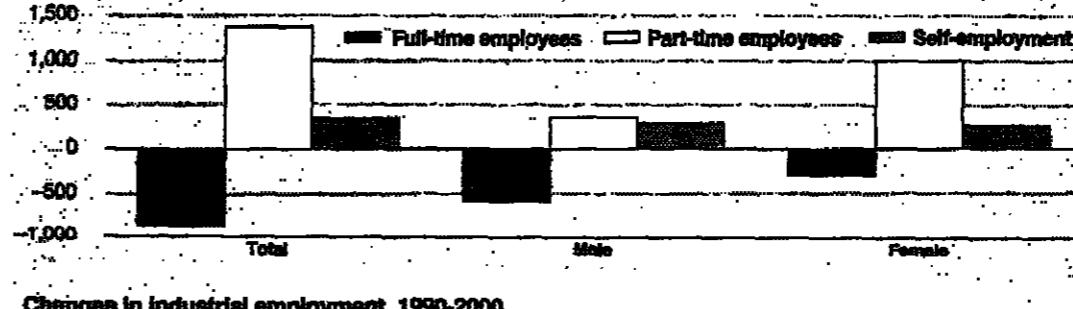
Where will the ambitious, and the less ambitious, find jobs in the next few years? The main source of new part-time jobs will be in the services required by a growing number of elderly people and the continued

## Just the job for the future

UK employment is increasingly part-time, and based in the expanding service sector, says David Goodhart

## Trend to part-time labour

Changes in employment status, 1990-2000



Source: Institute for Employment Research

growth of the leisure industry, while most of the new full-time jobs will be in business services.

The Institute of Employment Research has calculated that during the 1990s public services, primarily healthcare, will create 675,000 jobs; miscellaneous services, covering sports, theatres and personal services such as childcare will create 650,000; business services including banking, law, accountancy, software and consultancy, will create 416,000; jobs; and hotels and catering 243,000.

Some occupations, such as software experts, will grow even in sectors that are contracting, like manufacturing, and others will contract even in growing service sectors. According to the latest report of the Institute of Careers Guidance on jobs in the 1990s, about 65 per cent of the routine tasks performed in fast-growing professions such as accountancy, law, medicine, risk assessment and fund management could be automated. So in those sectors there will be growing demand for information technology experts, who will be installing and maintaining computer equipment, and fewer

white-collar, service jobs will continue to replace blue-collar, manufacturing jobs. But the new white-collar jobs will be split into two types. On the one hand will be the high value-added jobs in areas such as finance, law, medicine and technology, taken by "knowledge workers" defined as highly qualified individuals skilled at problem-solving and able to shoulder varied responsibilities. They are now one in three of the workforce, according to Prof Rajan, and by 2000 he expects them to account for two out of every five jobs.

On the other hand are the low value-added, low-skilled jobs in services such as hotels, personal services and dry-cleaning. Overall, those low-skilled jobs will represent a declining proportion of an increasingly skilled workforce. But the growing number of older people will require an increase in both the high and low-skill service jobs – from surgeons to cleaners.

Other trends, such as environmental, will stimulate demand for particular specialists, for example in waste management. But where jobs are created also depends

on the relative success of different sectors and companies over the next few years. In the short-term Prof Rajan expects net loss of 130,000 UK jobs as a result of the cost-cutting prompted by the European Community's single market, but believes that several industries will buck that trend: manufacturing – in chemicals, pharmaceuticals, electrical plant, telecommunications equipment and brewing; and services – in air transport, data processing, banking, insurance, law, accountancy and management consultancy.

In the very short term many sectors set for employment expansion are likely to see some recession-induced cuts. The Manpower Survey of Employment Prospects for the first quarter of 1993 found a net 36 per cent of banking employers expecting to cut staff, worse than any other sector apart from local government. In hotel and catering a net 32 per cent expected staff losses, in community services 20 per cent and in healthcare 9 per cent.

Unemployment, which will soon touch 3m, should start to decline by the mid-1990s. By then the population of working age in the UK will have stopped growing but, owing to an increase in female participation from 65 per cent to 70 per cent, the number of people actually working, or seeking work, will continue rising slightly.

The workforce of the future, therefore, will not only be more part-time, service-sector based, knowledge-driven and elderly, but also be more female, meaning a much faster drop in female unemployment compared with male.

According to the institute, women will take almost all of the jobs created between now and 2000, although many will suffer "downward occupational mobility" when they return to work after child-rearing. Women are also expected to break into higher-status full-time jobs in much larger numbers than now, further stimulating demand for childcare and other forms of personal service. In the legal profession women currently account for 50 per cent of new entrants and in accountancy the figure is 30 per cent.

Almost all observers predict strong growth in self-employment (now about 15 per cent) and in the number of employees working in small and medium-sized companies. More dramatically, Sir John Harvey-Jones, former ICI boss and now company doctor, believes that nearly half of all factories in western Europe will close by 2000 as a result of competitive rationalisation in the wake of the EC's single market and freer world trade. If that is true, the model worker of the late 1990s will be a part-time, female insolvency lawyer.

## The private sector that is driving China



What type of economic regime prevails in China today? Nobody seems to be quite sure. The language in which the government describes itself, articulates policy and looks to the past and future

is that of a communist country. Yet it is obviously not the same kind of system as has come to such a sudden end in the former Soviet Union and eastern Europe. It is not just that it has proved more durable and successful, growing at 9 per cent a year in the 1980s. It has adopted many features of a market economy that used to be thought inconsistent with communism.

In particular, it is in the process of developing a capital market when many economists a generation ago would have argued that a defining characteristic of communism is the absence – indeed the suppression – of a capital market.

In the labour market one finds the same apparent contradictions. A basic tenet of communism was that

no one could sell the product of another man's labour. Yet Chinese farmers in the countryside and private entrepreneurs in the cities are now hiring workers, albeit with state controls on the numbers of labourers an undertaking may hire. As the problem of unemployment emerges with reform of state-owned enterprises, these controls on private employment are increasingly being relaxed.

This is in fact part of the single biggest change in the Chinese economy over the past decade: the rapid growth of small-scale township and village enterprises (TVEs) producing consumer goods both for the domestic market and for export. Whatever the ownership arrangement (nominally collective ownership), their management is almost entirely independent of government. The scale of change is evident in all directions: a meteoric exports increase has converted China into a major surplus country in the past decade, with former state monopolies facing growing market competition and declining profit margins.

Between 1978 and 1989 the state had become a much smaller factor in the economy. Its share of total industrial output fell from 77 per cent to 55 per cent. In terms of GDP the state, as distinct from the private and collective sectors, accounted for some 35 per cent of the output of goods and services just above the government share in several European countries.

Another change is the devolution of control over financial resources from the centre to the provinces, enterprises and, above all, to households, whose savings have increased dramatically. Where central government had formerly to generate forced savings through low wages, price control and compulsory profit remittances in order to finance new infrastructure and heavy industry, now it is unable to balance its budget and has to borrow to cover its deficit.

The state has allowed local governments to retain larger funds without any assurance that they will take over responsibility for meeting the economy's rapidly growing capital requirements, which are increasingly met from household savings that now represent 70 per cent of total savings.

A country that relies on household savings to provide 70 per cent of the finance of new investment is very different from one in which taxation is the source of nearly all new capital accumulation. True, the banks are mostly government-owned and can direct capital in directions officially determined. But they have obligations to depositors who are free to withdraw funds. So there may be hesitancy, as there would be in the west, over converting liquid funds into long-term investments in real assets.

The government has sought to overcome this problem by issuing three to five-year bonds, but this may not meet the requirements of savers who are liable to encounter sudden needs to realise their funds and would welcome a bond market for that purpose. Other savers may be disposed to seek more risky and remunerative investments in the form of shares. And here, too, there is evidence of an eagerness of Chinese savers to participate in a newly developing market.

The increasing use of a market system has been evident in the opening of the economy to trade. At

## OBSERVER



member at Harvard who, like Demsey, has done a part at the CAB. Students of the battle for Clinton's economic soul should watch this space.

## Over-shalowed

Burton shares have been wonderful performers these past three months, but there must be a danger that in the efforts to purge the *ancien régime*, the new management may be overdoing the boardroom cleaning.

The latest shake-out leaves the average length of service of the executive directors – including the chief executive who has been on the board since 1987 – at under three years. Of the two executives resigning, one had been on the board seven months and the other 18 months.

Contrast this with Marks & Spencer, where the latest annual report puts the average board experience of the 15 executive directors at nearly nine years.

## Flood tide

How does a small island community of 22,000 people cope with not one but two waves of pollution – the second being the deluge of journalists and other carpet-baggers who've descended on Shetland since the good ship Braer hit the rocks on Tuesday? Surprisingly well, it seems.

ambassador to the European Community for the past three years.

Having earned the nickname because of his softly-spoken modesty, the 61-year-old is returning home to be state secretary in the Bonn foreign ministry.

While his replacement in Brussels isn't yet named, Trumpf will certainly be a hard man to follow. He was much admired by diplomats for his knowledge and negotiating skills, particularly in the run-up to the Maastricht treaty.

A true believer in European union, he was dismayed by the recent decline in public support for the enterprise. He also fretted about his own country's attitude to the community. Perhaps that's why he once said he could imagine an EC without Germany, but not without France.

## Loss leader

However much Britain's industrialists may talk about exercising leadership, they've scarcely been at the forefront in accepting pay-restraint. But with public-sector staff limited to rises of 1.5 per cent this year, one high executive may be about to set a spectacular example.

He is Mike Birt who, although earning around £250,000 as deputy chairman of British Telecom, is front-runner to take over the government's Acas conciliation service where he'd be paid only

£50,000 or so. The reason is that, after the departure of current Acas chairman Sir Douglas Smith who's on over £80,000, the post is to be pegged back to a lower civil service rank.





## INTERNATIONAL COMPANIES AND FINANCE

## Hagen leaves Nedlloyd board and cuts stake

By Ronald van de Krol in Amsterdam and Karen Fossel in Oslo

NEDLLOYD, the Dutch transport group, said yesterday that Mr Torstein Hagen, the Norwegian investor, had resigned his seat on the company's supervisory board and withdrawn his request for an extraordinary shareholders' meeting to discuss radical changes to the way the board is elected.

Mr Hagen, who was admitted to the board in October after a long battle, also announced that he had sold a 5 per cent stake in Nedlloyd, reducing his holding to less than 10 per cent. He had promised that he would resign his seat as soon as the shareholding fell below 15 per cent, he said.

Mr Hagen angered his fellow board members in December when he called for the board to be elected by shareholders.

Supervisory boards in the Netherlands are self-perpetuating and nominate their own members, providing an in-built

### Danisco sells engineering unit for DKr950m

By Hilary Barnes in Copenhagen

form of protection from unwanted takeovers.

However, in a partial recognition of Mr Hagen's self-styled crusade for shareholder rights, Nedlloyd said that "when filling the vacancy that has arisen, special attention will be paid to candidates brought forward by shareholders." It added that "both parties have expressed the wish for a positive relationship."

Mr Hagen is facing more difficult financial conditions. This was underscored yesterday by a statement from Oslobanken, a small Oslo-based bank, that DNO, a company controlled by Mr Hagen, had pledged 53.8 per cent of its shares as security for a loan which the bank provided for Marine Investment, one of his main investment vehicles.

Last month, Mr Hagen was forced to dispose of his DNO subsidiary, DNO Olie, for Nkr235m (\$33.7m), far below his original asking price. The assets were acquired by Saga Petroleum.

## Akzo, Allied-Signal in European carpet venture

By Ronald van de Krol

AZKO, the Dutch chemicals group, is to transfer a majority stake in its lossmaking nylon carpet fibre business to a joint venture which it will form with Allied-Signal of the US. This will give the US company its first production facility in Europe.

The companies gave no financial details but said the joint venture would make investments to modernise Akzo's carpet fibre factory in the Dutch town of Emmen, which will form the heart of the venture. The two partners signed a letter of intent on the deal yesterday and expect to complete it by mid-1993.

Allied-Signal, which is building a polyester carpet fibre factory in northern France, exports \$25m in carpet fibres

DANISCO, the big distilling, sugar and food processing group, has sold Niro, an engineering subsidiary, to Germany's GEA for DKr950m (\$150.5m) cash.

Niro is a leading company in the manufacture of spray-drying equipment for the food and other industries.

It has a workforce of about 2,200 worldwide.

Turnover last year was DKr2.35bn, and pre-tax earnings were DKr1.4m.

The sale of Niro to a German company means that both Denmark's spray-drying manufacturers will be under foreign control. The other, Anhydro, is a subsidiary of the UK-based APV.

Danisco said it was selling Niro, which it has controlled since 1976, because the engineering company did not fit the group's focus on food-related business.

GEA is an engineering group with turnover of about DKr600m and 10,000 employees.

One of its business areas is food and process engineering, but not related to Niro's area, said Danisco.

Danisco also announced yesterday a strategic alliance between its seeds business, Marlboro Seeds, and Switzerland's Sandoz Seeds for research and development on sugar beet.

### DSM warns of further job cuts

DSM, the Dutch chemicals group, is to seek an additional 300 to 1,000 job cuts in 1993 as part of its continuing cost-cutting and reorganisation drive, writes Ronald van de Krol.

Separately, Mr Aarnout Louw, DSM's chairman, said in a new year address to staff that Akzo had met its forecast that 1992 net profit before extraordinary items would show a rise over 1991. But in the first six months of 1993, it would "be difficult to hold earnings at the 1992 level".

## Eastern fledglings seek western partners

ALKAN, the Bulgarian airline, this week added its name to the growing list of eastern European carriers that are queuing to find western partners. The country's privatisation agency said that S.G. Warburg, the UK merchant bank, had been appointed to help find one or more "strategic partners" as part of a privatisation plan.

The Bulgarian move follows similar deals elsewhere in eastern Europe. Last month, Malev, the Hungarian flag carrier, made \$77m by selling 35 per cent of its shares to Italian investors led by Alitalia, the state airline. Earlier in 1992, an Air France-led consortium paid \$60m for 40 per cent of CSA, the airline of the Czech and Slovak republics.

Airlines such as Malev, CSA and LOT of Poland need to modernise fast. Noise restrictions at many western airports are limiting opportunities for fleets still dominated by ageing Soviet-built jets. Compared with their latest-generation western rivals, the ageing aircraft also guzzle prodigious amounts of fuel.

East European carriers lack the resources to replace their fleets overnight. Some have acquired, on lease, a handful of new aircraft for their most important European or intercontinental routes. But so far, such aircraft form only a fraction of their fleets.

"As far as western European traffic is concerned, we have to modernise and buy western aircraft," says Mr Andras Pakay, Malev's chief executive. "The market demands that."

Linking with a western partner provides not just cash for the airline – as in the Malev deal – or the government, but technical and commercial know-how too. A year after its deal with Air France, CSA's advertising has smartened up noticeably. The airline's commercial edge will be "even sharper this year", says one banker closely involved in the deal. CSA's catering building has been upgraded, and the arrival of two French chefs "didn't do any harm". Above all, the company's commercial

team gained "a new lease of life" following the transaction, he believes.

Most east European airlines fear their domestic markets are too small to support the kind of growth they envisage. And with the airline business gradually moving towards bigger, "global" carriers, many east European executives feel their companies will be sidelined.

Selling a stake to a western partner can provide cash and expertise without sacrificing independence, but so far, only Malev and CSA have succeeded.

Balkan hopes to sell up to 49 per cent of its stock to foreigners, while letting employees take up to 20 per cent at discounted prices. The government will keep at least 40 per cent in order

systems and ticket sales, and an agreement on routes and servicing, but are not rushing to sell equity, in spite of the burden of \$600m zloty (\$38.1m) in unpaid taxes and a 240m zloty debt to Warsaw's Okocie airport.

"LOT is the most attractive of the remaining east European airlines without partners," says one banker. With Lufthansa probably ruled out on political and historical grounds, and British Airways already committed to ventures in Moscow and Berlin, partnership with the Poles could appeal to a regional carrier such as Scandinavia's SAS, which has so far been disappointed in its plans to build alliances, he reckons.

Confidence among some east European carriers has been boosted by the arrival of new western aircraft, which have helped to redress some of the competitive balance with west European rivals and let them into profitable expatriate markets. LOT, which has used its Boeing 767s to develop US and Canadian routes, would like to establish regular flights to Australia to tap the ethnic Polish market there. Malev has similar ambitions for its two new Boeing 767s. Balkan, which has substantial business taking tourists to Black Sea resorts, already operates some 737s, 767s and Airbus A320s.

Both Malev and LOT – which moved into profit in July and is managing to cover its operating costs as well as interest charges on the \$200m borrowed to acquire the 767s – have also been bolstered by more commercially-minded and realistic management. Malev's Mr Pakay, for example, has dropped his predecessor's high ambitions to develop the company into the centrepiece of a three-way global alliance with big US and far eastern carriers. Likewise, LOT's improvement has been aided by more down-to-earth aims. Ambitions to create a wider international network have been scaled down in favour of closer regional links with former Soviet states such as Belarus or Ukraine.

The former Communist-run airlines of eastern Europe need to modernise their ageing fleets fast, but most of them lack resources, write Christopher Bobinski, Nicholas Denton and Haig Simonian

to guarantee the company's independence. "A key element of our strategy is to enter a strategic alliance with an airline partner," says Mr Kostadin Botev, Balkan's managing director. "We believe potential partners will be attracted by our route network and low labour costs."

But making a match is not easy, even for an airline like Malev with a relatively good reputation and consistent profits over the past four years. Malev's productivity, at \$66,000 operating revenue per employee, is 50 per cent above the average for eastern Europe's five flag-carriers: net earnings last year amounted to \$28m on sales of \$315m.

Credit Suisse First Boston, the adviser to the Hungarian government, had to tout Malev widely before securing a partner. Alitalia, Lufthansa of Germany, KLM Royal Dutch Airlines and British Airways all showed interest, although BA and KLM quickly dropped out. That left Alitalia and Luft

allies. But with growing financial difficulties, even western Europe's smaller carriers are not rushing to buy market shares in the east through alliances.

In the circumstances, some east European companies may prefer to go it alone: hence the confusion over plans by LOT. Some bankers say LOT has already hired and fired at least one set of advisers.

However, LOT executives claim it is in a relatively strong position, in spite of Poland's economic difficulties. Their confidence is based on its large home market: Poland's population is around 40m and it lies on the major east-west air corridor. "We haven't received any special offers and we're not looking too hard at the moment," says Mr Zbigniew Kiszczak, LOT's deputy chairman.

LOT wants a "strategic alliance" with a European or US airline, while retaining its independence. The Poles are seeking mutual access to booking

## SKr10bn state guarantees for Gota

By Christopher Brown-Humes in Stockholm

for the whole of 1992 would amount to some SKr8bn, although it is believed there has been a further deterioration in its position since. One estimate suggests the bank's total 1992 credit losses may amount to SKr10bn-SKr12bn.

As a result of the guarantee, Gota Bank's capital adequacy ratio amounts to some 8 per cent. Last month the state was compelled to provide further support for Nordbanken as part of its continuing efforts to prop up Sweden's ailing financial system.

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	Dec 1992 (in FF millions)	% Dec 92/ Dec 91	12 months ended Dec 31, 1992 (in FF millions)	% cumulated Dec 92/ Dec 91
GROUP SALES	16,066	7.9	131,860	16.3

(1) Sales provided by 118 stores compared to 133 in 1991 due to the disposal of some Montaure and Eurexpo stores.

On December 3, Price opened its fourth store in Bercy, Paris.

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## INTERNATIONAL COMPANY NEWS

# US retailers post strong advance over Christmas

By Nikki Tait in New York

MOST leading US retailers sounded a cheery note yesterday as they reported the best Christmas period sales for several years. Improvements were particularly noticeable among leading department stores, and many said results had come in above their expectations.

Federated Department Stores, which takes in chains such as Bloomingdale's, Abraham & Straus and The Bon Marche, reported a same-store sales increase of about 10 per cent in December. "December sales were the strongest we've seen in several years," noted Mr Allen Questrom, chairman. He added the company was encouraged about 1993 although it expected some cooling-off in levels of consumer activity in the first quarter.

J.C. Penney, based in Texas, saw a 9.1 per cent advance in same-store sales, with strong gains in the women's, men's, children's and home merchandise divisions.

At May Department Stores, December same-store sales were up by 8.4 per cent, and at Dayton Hudson 9.5 per cent. Many analysts had forecast

same-store sales improvements for the department store sector of 4 per cent to 7 per cent.

In the discount sector, Wal-Mart, the nation's top-selling store chain, saw a 27 per cent rise in total sales during December, to \$5.86bn, and an increase from comparable stores of 10 per cent. This means the group's like-for-like sales in the first 11 months of the financial year were running at 12 per cent.

Wal-Mart's rival in the discount sector, saw a smaller 2.5 per cent gain in like-for-like general merchandise sales, and a 2.2 per cent improvement from its specialty chains. It predicted record after-tax profits for 1992 - exceeding the \$859m seen in 1991 - but said earnings per share would probably be static at around \$2.02.

Woolworth fared poorly, posting only a 1 per cent improvement in domestic same-store sales in December. Sears, Roebuck - whose retail operations have been the focus of much shareholder disquiet - ended 1992 in much-improved form, posting an 8.2 per cent advance in same-store sales for the month.

## Philip Morris expects 20% gain for 1992

By Nikki Tait in New York

PHILIP Morris, the US tobacco and food company, yesterday told analysts that it expected to report a 20 per cent increase in earnings per share for 1992, when its unveils year-end results.

Mr Hans Storr, the chief financial officer, said the earnings figure would stand at about \$5.45 a share. He added that recent retail sales trends for Marlboro had been encouraging, and noted the recent narrowing of price differences between discount and premium brands.

When Philip Morris reported third-quarter figures, it dis-

closed the domestic cigarette shipments had fallen slightly in the three-month period, and predicted a larger dip in the final quarter.

This reinforced worries on Wall Street that the growing discount cigarette sector was proving a threat to premium brands, which include Morris's profitable Marlboro.

This week's furor over a report from the US Environmental Protection Agency on the dangers of passive smoking, has hit Philip Morris shares, but yesterday's profit forecast seemed to reassure the stock market. The tobacco company's stock added 51¢ to \$73, in early trading.

## Time Warner issues \$1bn debenture

By Alan Friedman in New York

TIME WARNER, the leading US media and entertainment company, yesterday launched a \$1bn debenture offer designed to reduce the burden of the group's outstanding \$6.5bn of preferred stock.

The \$1bn offer is part of Time Warner's effort to work through its heavy debt load, a result of the company's formation following the merger agreement in 1989 between Time and Warner.

The company, which last year made strides toward rescheduling its bank debt, recently indicated it may sell up to \$5bn of assets over the next two or three years as part of the move to strengthen its balance sheet.

Net proceeds of the debenture issue, which mature in 2013 and carry a coupon of 9.125 per cent, would be used to repurchase or redeem preferred stock.

The preferred stock, which in 1991 cost Time Warner \$575m in dividend payments, was issued as a result of the merger agreement between Time and Warner. The dividends have plunged Time Warner into a bottom-line loss in spite of strong operating earnings from its music, film, publishing and cable television divisions.

In the first nine months of 1992 it made \$926m of operating income, but its debt servicing reduced net profits to just \$18m and its loss after payment dividends on preferred stock was \$45m.

The offer, scheduled to close on January 19, is being underwritten by Merrill Lynch, BT Securities Corporation and JP Morgan Securities.

### Correction

#### Peter Chernin

Mr Peter Chernin moved from Fox Entertainment to replace Mr Joe Roth as head of the 20th Century Fox. He did not leave the Fox group, as stated in later editions of the FT on January 6.

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## Another trial for Bank Bumiputra

Kieran Cooke on the Malaysian bank's attempts to still old ghosts

D R Mahathir Mohamad, Malaysia's prime minister, has earned many plaudits for his government's privatisation programme.

Lumbering state behemoths, like the telecommunications and electricity utilities, have been transformed into efficient, market-orientated enterprises, and the Kuala Lumpur stock exchange has grown into the biggest in south-east Asia by market capitalisation.

But an exception to this privatisation success story is Bank Bumiputra, Malaysia's second-biggest financial institution, with assets of M\$35bn (US\$14bn). One of the country's largest state enterprises, it is also one of the most troubled.

The bank recently announced a 7.5 per cent fall in net profits to M\$22.7m for the year to March 31 1992. Twice in the past 10 years the state has had to rescue it. Although Bank Bumiputra insists its

finances are sound, another government bail-out has not been ruled out.

A new management team has been appointed, while talk two years ago of a listing has been quietly forgotten.

The recent appearance in a Hong Kong court of a rather frail, tired-looking 61-year-old man has refocused attention on the bank's affairs.

Mr Lorrain Osman, a Malaysian citizen and former chairman of Bumiputra Malaysia Finance (BMF), a subsidiary of Bank Bumiputra, is facing 39 fraud and corruption charges relating to US\$600m in loans made by BMF to the Hong Kong-based Carrian Group in the 1970s and early 1980s.

The main question in the BMF/Carrian affair is how a bank set up to aid the Malay community came to lend so much, so fast, to Hong Kong-based Chinese scoundrels.

Carrian Holdings, a previously unknown group, shot to prominence with a series of

multi-million dollar deals dur-

ing a Hong Kong property boom of the early 1980s. Mr George Tan, Carrian's enigmatic chairman, seemed to

have money to burn.

BMF was one of Carrian's

main backers. When the Hong

Kong property bubble burst in

1982, Carrian could not pay

debts of more than US\$1bn.

Many banks were burned. So

were thousands of investors. In

1983, Mr Tan was arrested on

corruption charges.

In 1985, a Malaysian govern-

ment report said BMF execu-

tives had entered into an

intricate series of deals with

Mr Tan.

The report hinted at high-level Malaysian official backing for some of the loans to Carrian. Warnings by the Malaysian central bank about BMF's lending policies were

apparently ignored. "There

might not have been Carrian

without Bumiputra Malaysia

start cannot be made until the

events of 10 years ago are

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still faces a court case in the

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In this case Mr Osman, who

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omic adviser to the Malaysian

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Finance," said the report. At least one murder has been linked to the affair. In 1983, an auditor sent from Kuala Lumpur to investigate BMF was found strangled in Hong Kong. The next year, a lawyer who had dealt with various Carrian

companies was found in a Hong Kong swimming pool with a concrete manhole cover tied round his neck.

When Carrian collapsed, BMF had accumulated loan losses of M\$2.25bn. These losses were passed on to Bank Bumiputra. In 1984, Petronas, the Malaysian state oil company, was pressured into re-

scuing the bank by taking a 90 per cent stake for M\$2.5bn. In

1985, Petronas had to make another M\$2.25bn cash injection after loan losses on the Malay-

ian property market.

In early 1991, Petronas sold

Bank Bumiputra to the

Finance Ministry for an undis-

closed sum. Bankers in Malay-

sia, including some who had

worked with Bank Bumiputra,

say it continues to be dogged

by a number of shaky loans,

some made many years ago.

Bankers also feel that a fresh

start cannot be made until the

events of 10 years ago are

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to retail customers, a large pro-

portion of Tauruses go to fleet

buyers, such as rental compa-

nies.

## Ford drives Honda out of US top spot

By Martin Dickson in New York and Kevin Done in Detroit

FORD Motor claimed a symbolic victory over Japan when its Taurus mid-sized car narrowly beat the Honda Accord to be the top-selling car in the US in 1992. The Accord has held the number one position since 1989.

Ford's recapture of the top spot will be taken as a further sign of the renewed competitiveness of the US motor industry against Japanese rivals, which was indicated yesterday by 1992 sales figures for the US vehicle industry as a whole.

Japanese manufacturers saw their share of the US car market dip to 30 per cent, from 31 per cent, the first reversal in several years.

Ford's car market share rose to 21.5 per cent from 19.9 per cent but ailing General Motors dipped to 34.5 per cent from 35.4 per cent and Chrysler was lower at 8.3 per cent, compared with 8.5 per cent.

In the combined car and light truck market, the Japanese share dipped to 24 per cent from 26 per cent due to some strong US products and tariff barriers.

The Ford Taurus, relaunched

in the autumn of 1991 sold 407,751 units, up from 299,700, while the Honda Accord dipped to 393,477 from 399,297.

However, Ford's victory was only achieved by offering big discounts and cheap lease finance to customers. The drive began in August and reached a peak last month as the company scrambled to close the gap with Honda, offering even more lavish incentives, including rebates to dealers willing to put additional Tauruses into their demonstration fleets.

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Interviews will be held in London in early/mid-February 1993. Please send a detailed cv, indicating current compensation level, which will be forwarded direct to our client. Address to Ref: R2417/FT, PA Consulting Group, Advertising and Communications, 123 Buckingham Palace Road, London SW1W 9SR. Fax: 071-333 5050. Closing date for applications: 29th January 1993.

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## ACCOUNTANCY COLUMN

# Resolving to move towards a truer and fairer view

Andrew Jack calls for further improvement among those responsible for financial reporting

BEFORE 1993 gets too far under way, it is a good moment to reflect on the disappointing state of financial reporting – and for those involved to resolve to try harder this year.

After two years of corporate collapses against a backdrop of accounts that provided their readers with all too few clues of what was to come, it would be hard to deny improvements must be made.

The last few months have brought considerable change, notably through the work of the Accounting Standards Board, the Financial Reporting Review Panel, the Auditing Practices Board, the joint ethics committee of the professional accountancy bodies, and the Cadbury committee on corporate governance.

But more work needs to be done. Here are a few suggestions for those who produce accounts – and for those who use them.

Finance directors and their boards, Both logic and the law – which do not always correspond – suggest that directors are the individuals responsible for preparing a company's accounts and ensuring that they show a "true and fair" view.

All too often, the question "Where were the auditors?" is unfairly posed

– if only by those tempted to seek legal redress against professionals with deep pockets – when blame should be more correctly focused on those within the company.

Directors have the power, the access, the information and the responsibility to act on behalf of shareholders as custodians of the assets of a business. It is their actions

which determine its direction and management.

A tendency towards out-of-court settlements denies the public the details surrounding auditors' judgments and actions. Even so, some embarrassing evidence is now beginning to come to light.

It is more difficult for auditors to defend themselves when they have given unqualified opinions on the growing number of accounts now being censured by the Financial Reporting Review Panel.

The government, Accountancy is too important to be left to accountants. But accountants cannot be allowed to escape a good share of the blame.

Legal obligations, professional guidelines and years of training should all help them to ensure that accounts are accurately prepared and fairly presented for the benefit of their real client: the shareholder.

Yet all too frequently auditors treat the directors of the company as the client. It is the board which sacks, appoints and pays the auditors, meets the audit partner, negotiates the wording of the audit report, receives the management letter and hears details that never reach the ears of the shareholder.

That places auditors under commercial and personal pressures that sit uneasily with their impartial role, particularly at a time when accountancy firms have become more business-oriented, marketing-driven and competitive with one another.

Finally, auditors will talk about the fear of being sued or of losing the client at least as much as about whether they agree with the treatment of the accounts the directors request.

They have persistently turned their backs on the subject and left the profession to draw up standards and to regulate itself. That may seem a more efficient approach, but it risks pandering to self-interest.

There is little legislation covering financial reporting. What there is has tended to be introduced only in response to compliance with EC directives. It is inconsistent, incomplete and often inflexible.

There is also little case law to set precedents and give guidance. If nothing else, clarification should be provided on what the Companies' acts mean by a "true and fair view", and there should be a re-examination of the Caparo judgment on the nature of auditors' responsibility.

And too little attention has been given to the question of whether it is desirable for the profession to be the ultimate – and potentially unlimited – target of legal action after every crash.

Analysts and institutional investors

Skilled readers of accounts cannot be directly blamed for the figures that are presented to them. But they must take responsibility for sloppy interpretation – particularly when they are handling or advising on the use of other people's money.

There is little doubt that there are wide variations in analysts' ability to read and understand accounts. Why else do company share prices so often seem to drop after accounting changes – which are purely presentation – are announced?

The attention analysts and investors pay to short-term returns and to the bottom-line earnings figure has also played a strong part in encouraging a superficial reading of accounts – and the manipulation of the figure by companies.

Professional investors and analysts must also share blame for not lobbying for reform more actively. Very few submissions for or against proposals suggested by the Accounting Standards Board have come from City investment institutions and brokers, for instance.

Standards-setters and watchdogs. Historically, standards have clearly allowed for too much flexibility. All that is changing with the work of the Accounting Standards Board, which has been widely welcomed. But the ASB's honeymoon is coming to an end. This year will see how far it can face up to opposition on controversial issues such as intangible assets, acquisition provisions and valuations.

Companies have started to point out ambiguities with its new financial reporting standards on cash flow and the profit and loss account. Does this really provide a satisfactory basis for investing?

FINANCIAL TIMES FRIDAY JANUARY 8 1993

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Any applications submitted directly to Glaxo by third parties will be forwarded to Walker Hamill.

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passes you will have at least 3-4 years' audit experience, ideally with a BSC in business accounting. An MBA would be an added advantage, but you will certainly have professional accounting qualifications combined with experience of working for a US multinational within the leisure business. You'll also need a strong, but approachable personality along with a highly disciplined approach.

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Management are currently reviewing:

- the Trust's business strategy.
- management structures and overheads to ensure efficient use of resources.
- service efficiency to ensure that all areas of the Trust are cost effective.

The Trust now seeks an exceptional financial manager who as a Board member will play a key part in the corporate

management of the Trust, as well as leading the team that is responsible accountant who can offer:

- a strong track record of achievement as a senior financial manager with particular competence in the preparation and presentation of information to budget holders and the Board.
- some experience of working in the NHS or an up-to-date understanding of and a vocational commitment to the NHS.
- a proactive, creative and commercial approach to financial management.

This demanding post offers an excellent pay and benefits package and the opportunity to live and work in an attractive part of the North West.

Those who would like to be considered for this post should contact John Gregory, who is advising the Trust on this Selection Division, Breckinridge Consultants Ltd, Search and Central Milton Keynes, MK9 2HS, demonstrating your relevance clearly and quoting Ref. 173/FT.

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- Reduce and improve cost base; monitor and advise on margins/sales mix to maximise profitability.
- Report to the Managing Director, other key features will include strategic planning, budgeting and cash management.

Please apply in writing enclosing full CV, quoting reference number LBA/117.



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### Responsibilities will include:

- Providing leadership to the company's assembly and distribution operations.
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MANAGEMENT CONSULTANTS

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Alison Brown, Human Resources Manager,  
The Sage Group plc, Sage House, Benton Park Road,  
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BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, LEEDS, LONDON,  
MANCHESTER, NEWCASTLE, WINDSOR and representation throughout EUROPE

## FINANCIAL DIRECTOR

A major group located in the North of England with a turnover in excess of £150m is seeking a Qualified Group Financial Director to be responsible for the financial control of the group, reporting directly to the Chairman.

The Group consists of a number of subsidiary companies, each with its own managerial control, including Managing Director and Accountant. The Financial Director will be appointed to the main board after a period of time.

He will have a strong hands-on approach and be responsible for co-ordinating the activities of the various company accounts.

The above position, in a successful but demanding company, carries an attractive salary and benefit package. Assistance to relocate will be provided where appropriate.

Applications with a detailed C.V. should be forwarded to: Box A668, Financial Times, One Southwark Bridge, London SE1 9HL.

## LONGMAN PUBLISHING

### Publishing

## BUSINESS ANALYST

Essex/Herts borders

c£37,500 + car  
+ bonus

Our client, Longman, is one of the world's leading information and education publishing groups and forms a significant part of the information and entertainments interests of Pearson plc. The group is continuing to develop throughout its UK and international markets.

Providing a financial analysis service to senior management of two major publishing divisions, the Business Analyst will appraise business performance and contribute to its enhancement. Reporting to the UK Finance Director, he or she will additionally review new business opportunities, including acquisitions, joint ventures and projects. Based in Harlow, the Analyst's high profile within the group should lead to promotion opportunities in either financial or commercial management.

Likely to be around 30, applicants should be commercially aware graduate accountants with proven analytical experience and excellent communication and PC skills.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/56/F.

LONDON

## Financial Controller

This is a new role and a key appointment in the continuing development of this highly entrepreneurial, market-led insurance Group. Significant growth during the last eighteen months has increased funds under management to over £1bn, with plans to continue to build on this success in the future.

As Financial Controller of the life assurance company you will assume responsibility for all aspects of financial management, reporting to the Group Finance Director you will be supported by an experienced team, comprising around 30 staff. In this hands-on role, you will give financial direction to the company, ensuring that sound financial controls and effective systems are in place to meet current and future needs.

A qualified accountant, aged 35-45, you should possess broad based financial skills and previous

c £45,000 + PACKAGE

**Coopers & Lybrand** Executive  
Resourcing



TRIPLEX LLOYD

## Group Finance Director

West Midlands Executive Package

Our client, Triplex Lloyd plc is an industrial engineering Group serving the automotive, power, construction and engineering markets of Europe and North America. It is a dynamic and innovative organisation with a strong growth record. Annual turnover has increased from £27 million in 1989, to approximately £160 million at present.

The company wishes to appoint a Group Finance Director to replace the recent incumbent, who took up the role of Group Managing Director on 1 January 1993.

Reporting to the Group Managing Director, the successful candidate will assume full responsibility for the financial management of the Group and will assist in ensuring effective deployment of the financial staff. Specific duties will include responsibility for the preparation of the Group budget and forecasts, ensuring effective budgetary control and sound treasury management and liaising with the audit committee and external auditors to ensure that statutory requirements are satisfied. In addition, the successful candidate will work closely with Divisional Finance Directors and the Group Financial Controller to provide relevant financial analysis to the Board. The Group Finance Director will be expected to be the principal point of contact with the Group's bankers and auditors

and will assist the Chairman and Group Managing Director in the development of investor relations.

This demanding role requires a professionally competent individual with exceptional personal qualities and added 'value'. It is important that the Group Finance Director is a strong team player since he/she will be working with a number of highly motivated colleagues. Commitment, enthusiasm and an assertive and confident personality are the essential characteristics for success in this position. It is essential that the appointee is a chartered accountant who has group financial control experience, ideally gained over several years in an industrial based Group.

Our client is offering an excellent remuneration package which is designed to attract, retain and reward.

Interested applicants please write, quoting reference B/407/33, with full career and salary details, to Steven French.

**KPMG** Executive Selection  
Pear House, 2 Cornwall Street, Birmingham B3 2DL.

## BESSELAAR

### Opportunities for young qualified in developing specialist services business

Maidenhead and Leeds

GH Besselear Associates is a world leading services business whose activities encompass all phases of clinical testing and the development of new drugs. An important specialist division of Corning Inc, Besselear's operations have grown significantly in recent years.

The European management is centred at Maidenhead and the Financial Controller Europe. Experience of international businesses and of networked systems will be a definite advantage. Language skills will also be useful as there will be regular travelling within Europe.

Besselear's clinical research unit at Leeds is the leading residential testing unit in Europe. Its revenues exceed £5m per annum and a young qualified accountant is required to join the management team at this key profit centre. Although liaising with Maidenhead and other parts of the Group, this role has local autonomy and makes an important contribution to the effective running of the business.

Attractive salaries, complemented by a first class package, are on offer for both appointments. Whilst specialised, Besselear is a strongly led commercial business with a deservedly high reputation with the pharmaceutical majors. These appointments reflect Besselear's success in Europe and Corning's strong commitment to further growth.

To apply, please write, enclosing a CV, to Mike Smith, MS Selection, Woodhurst, Coldharbour Lane, Pyrford, Woking GU22 8SL. Interviews for the Leeds role will be held in Yorkshire.

## MS selection

Appointments Advertising appears every Wednesday  
& Thursday (UK) and Friday (Int'l only)

الحمل من اجل

EUROPEAN  
FINANCIAL  
ANALYSTHighly Competitive  
Salary Package

Berkshire



CONCURRENT COMPUTER CORPORATION IS A WORLD LEADER IN THE MANUFACTURE AND SUPPLY OF COMPUTER SYSTEMS FOR REAL TIME APPLICATIONS. ESTABLISHED FOR OVER 25 YEARS THEY NOW OPERATE SEVENTEEN SUBSIDIARY COMPANIES WORLDWIDE WITH THE GLOBAL HEADQUARTERS BASED IN THE UNITED STATES. WITH A DIVERSE CLIENT BASE THAT RANGES FROM AEROSPACE TO FINANCIAL INSTITUTIONS TO HEALTHCARE THEY ARE WELL POSED TO CONTINUE BUILDING ON THEIR SUCCESSFUL RECORD TO DATE.

AS A RESULT OF A RECENT RESTRUCTURING PROGRAMME THEY ARE NOW SEEKING A HIGH CALIBRE INDIVIDUAL TO WORK AS THE EUROPEAN FINANCIAL ANALYST. REPORTING DIRECTLY TO THE EUROPEAN FINANCE DIRECTOR THE POSITION WILL BE BASED IN BERKSHIRE AND WILL REQUIRE EXTENSIVE TRAVEL TO EUROPEAN SISTER COMPANIES.

THE ROLE IS HIGH PROFILE AND WILL PROVIDE AN EXCELLENT CHALLENGE TO A COMMERCIALY AWARE QUALIFIED ACCOUNTANT WITH AT LEAST TWO YEARS POST QUALIFICATION EXPERIENCE IN A MANAGEMENT OR OPERATIONAL POSITION. THE SUCCESSFUL APPLICANT WILL BE A HIGHLY CONFIDENT INDIVIDUAL WITH A DIPLOMATIC APPROACH AS THERE WILL BE EXTENSIVE LIAISON AT SENIOR MANAGEMENT LEVEL. HIS/HER CAPACITY FOR PROBLEM SOLVING AND ABILITY TO PRODUCE ACCURATE AND MEANINGFUL FINANCIAL INFORMATION WILL BE TESTED TO THE FULL. IT IS ESSENTIAL THAT THE SUCCESSFUL APPLICANT BE COMPUTER LITERATE AND FLUENT IN ONE OR MORE EUROPEAN LANGUAGES WOULD ALSO BE ADVANTAGEOUS. REF: DW/33/93

INTERESTED APPLICANTS WHO FEEL THEY POSSESS THE QUALITIES REQUIRED SHOULD TELEPHONE DOMINIC WADE ON 0734 560600 (Fax 0734 583120) OR ALTERNATIVELY WRITE ENCLISING A DETAILED CV TO: WADE MACDONALD LTD, FINANCIAL RECRUITMENT SPECIALISTS, 22 CROSS STREET, READING, BERKSHIRE RG1 1SN.



## Construction Industry - Management Accountant

The Ringway Group is a diverse highway maintenance and road traffic sign manufacturing group operating throughout England, and recent acquisitions have created the requirement for a qualified accountant to join the management team based at the Group's head office in Horsham, West Sussex. The position will report to the Group Finance Director but will require considerable involvement with the operating management within the group to ensure the accurate and timely preparation of management information. It is envisaged that considerable travel will be involved. The successful candidate will have experience of the Construction Industry, be computer literate, self motivated and have the ability to liaise with employees at all levels within the organisation. The preferred age range for the position is 25-35 and an attractive remuneration package will be negotiated with the successful candidate.

Please reply to: Roger Pennock, Group Finance Director, Ringway Limited, Ringway House, 72 Brighton Road, Horsham, West Sussex RH13 5BU.

## Financial Director

## Brewery Company

The present Financial Director of Samuel Smith is retiring in the Spring and we are seeking to recruit his successor.

The ideal candidate will be a Chartered Accountant aged between 35 and 45, with proven managerial skills.

In addition to the financial function the Financial Director's responsibilities include office administration and services and the post offers not only challenge but also stability.

A competitive remuneration package is offered.

Please write giving sufficient brief details to justify an interview to Sir Bryan Askew, The Old Brewery, Tadcaster, North Yorkshire, LS24 9SB

Financial Director  
BOURNEMOUTH

Melson Wingate is a long established retail optical company with over 50 branches which are serviced by its own factory. The group turnover is about £11m and we have a reputation for professionalism and product excellence.

We have a need for a Financial Director, aged between 30 and 50, who will not only head up the accounting function but also provide the Company with the expertise to develop the information and accounting systems necessary to provide speedy relevant information about all aspects of our current activities.

The qualified accountant appointed should be able to combine professional hands on accounting, broad commercial acumen and conceptual strategic thinking. A full understanding of and experience in a retail environment is essential. We look for someone who is decisive, articulate, self-confident and who will contribute fully to board meetings.

The comprehensive remuneration package includes a basic salary, a profit related bonus, excellent health and pension benefits together with a worth in excess of £40,000. A company car will also be provided.

Please apply in writing enclosing a full CV and stating current salary to: Nigel Wingate, Melson Wingate Ltd, 31 Abbott Road, BOURNEMOUTH BH9 1EZ.

COMMERCIAL  
DIRECTOR  
PRINTING

We are a successful general printing and plastic card manufacturer, looking for a director to fulfil a key role in our expansion plans.

Responsibilities will include finance, purchasing, production planning, scheduling, personnel and legal affairs. In addition the director will be expected to contribute to the development of the group's commercial strategy.

Candidates must have relevant experience at a senior level, preferably within the printing industry, coupled with a business or technical qualification.

As part of a growing publicly quoted company we can offer an attractive remuneration package which should prove of interest to an ambitious professional.

Applications please to:

Max Scott, Managing Director

Hythe Offset

Graphic House, Telford Way, Saffron Park, Colchester, Essex CO4 4QP.

NEW  
DEVELOPMENT  
BUDAPEST  
Financial Controller

International Quick Service Restaurant company with offices in Budapest seeks to engage a financial controller, based in Budapest, to join in the future development of the company and franchise system. Candidate qualifications:

- Min 5 years qualification plus international accounting practice experience
- English fluent, German/Hungarian preferred
- Competent knowledge of cash management/cash flow
- Computer literate, knowledge of spreadsheets

Please send CV and salary history to: Box A667, Financial Times, One Southwark Bridge, London SE1 9HL

**FINANCIAL  
EXECUTIVE**  
Experienced Finance Director (FCA, 44) in international service and manufacturing sectors seeks challenge, part time or full time in dynamic environment. Write to Box A639, Financial Times, One Southwark Bridge, London SE1 9HL

TRAINEE  
FUND MANAGER  
CITY

M&G Investment Management Limited manages £9 billion of funds for a variety of clients. It is one of the largest and most successful independent fund managers and is undertaking new initiatives to grow its business. We are currently looking for a Chartered Accountant with one year post qualification experience to join our investment team with the aim of taking responsibility for funds after a period of training.

The ideal candidate will be a graduate with a good academic record and a variety of business experience. Good analytical and communication skills are essential. The successful candidate will be expected to study for the Institute of Investment Management and Research Associate Examinations.

This challenging role will be rewarded by a competitive salary and benefits package. Please write in confidence with your C.V. to Christopher Rew, M&G Investment Management Limited, Three Quays, Tower Hill, London EC3R 6BQ. Member of IMRO



HUDSON SHIRIBMAN

## Europe Middle East Latin America

## BRUSSELS

£45,000  
PLUS CAR

Our client, with worldwide sales in excess of \$22 billion, is a US multinational with a diverse product range spanning middle to high technologies. Each individual business area boasts a history of market leadership.

Due to internal promotion, the need has now arisen to appoint an outstanding individual to join the regional audit team based in Brussels. Activity extends beyond Europe to the Middle East and Latin America and encompasses over 90 manufacturing and distribution units with combined revenues in excess of \$4.5 billion. Reporting to the Regional Audit Manager, you will be responsible for supervising professionals in the conduct of financial and operational audits as well as assisting in the management of the European regional office including budgeting, training and recruiting.

A graduate Chartered Accountant, probably between 30 and 35 years of age, you must have a minimum of five years' post qualification experience, preferably including some line management exposure. You must be comfortable communicating at the highest management levels, both in English and at least one other European language.

You must be willing to travel (40% content) and be actively interested in pursuing a post-audit career which may not initially be UK based. Promotion will be rapid and the rewards outstanding for those candidates who can combine an international spirit with a highly developed commercial, results-orientated nature.

KICK Sportswear  
Accountant £30K

We are one of the leading companies in the licensed sportswear industry in the UK and are expanding into Europe. Our turnover this year will be in excess of £10m.

We have recently been bought out by a Public American Corporation which is in the same industry in the USA. For this reason we need to make a new appointment.

You will be taking over the complete control of our small accounts department as well as the total responsibility for all budgeting, reporting and planning functions of the company. We are a go ahead company and need someone not afraid of hard work and a real challenge.

The suitable applicant will have the following attributes:

- Qualified Accountant
- Experience in the garment industry
- 3 to 5 years experience with one of the big 6
- Good knowledge of PCs using Tera accountancy software
- 3+ years industrial experience
- Good spreadsheet knowledge
- Experience in manufacturing industry using standard costing accounts
- Good communication/management skills

Please reply with full details of your experience in the above areas together with full CV to Sarah Densler at:

KICK Sportswear, Unit 2, St Georges Ind Est, Kingston Upon Thames KT2 5BQ

## FINANCIAL CONTROLLER

to £35,000 + Profit Share + Quality Car

London

Our Client is a specialist international publisher enjoying sustained growth with an enviable reputation for innovation. This has culminated in market leadership. The future development of the group necessitates the appointment of a Financial Controller to work with the board to ensure the realisation of key commercial objectives.

Reporting to the Finance Director, you will assume day to day responsibility for the management of the finance function, paying particular attention to management reporting, systems development and ensuring that the finance function contributes to the overall success of the business. People motivation is a critical aspect of the role.

Ideally, you will be a qualified accountant with a minimum of three years' experience in a medium size group. Committed to line management, a major strength must be the ability to influence non financial managers.

Please reply, in confidence, to:

Stephen Williams  
CEDAR International,  
15 Bloomsbury Square,  
London WC1A 2LJ.  
Telephone 071-831 8383.



## Commercial Director

Brentford

circa £35,000 plus car

Our client is a successful, expanding PLC with an annual turnover in the region of £100m. The group has interests in several sectors and is currently seeking a Commercial Director for one of its divisions - a well-respected, rapidly growing leader in a specialist sector of the plastic packaging industry. The division, which has recently been re-structured, operates from three sites and has an annual turnover of £12m. A new and enthusiastic management team is being put in place in anticipation of continued expansion.

This broad, newly-created role will be pivotal in the continued success and commercial development of the division. Reporting to the Managing Director, you will be responsible for 10 staff in the finance and planning functions. You will be involved in negotiations and decision-making, bringing commercial breadth to the areas under your control.

To effectively meet the demands of this challenging role you will need to be a highly competent qualified accountant with broad commercial experience gained in a manufacturing environment. In your mid to late thirties, you will be an enthusiastic team-player with a strong personality, good communication skills and a practical, pragmatic, profit-orientated approach.

If you are the self-starter we seek please write in confidence to Richard Holland, quoting reference 7702. Please include full salary details and a daytime contact number. BDO Consulting, 20 Old Bailey, London EC4M 7BH.

CROSBY SECURITIES  
Financial Accountant

Crosby Securities is one of the leading institutional stockbroking specialists in the Asian region. Headquartered in Hong Kong, Crosby now has 12 offices worldwide. It sells Asian equities in Europe through Crosby Securities (UK) Limited, a member of the London Stock Exchange.

Continued growth has created the need for a new appointment in London. Initially, the Financial Accountant will take on responsibility for all accounting, compliance and company secretarial matters for Crosby Securities (UK) Limited. Later, accounting services for the group are envisaged.

The successful candidate is likely to be a qualified accountant with experience of the financial services industry. Versatility, energy and a natural 'hands-on' approach will be essential for this position. Remuneration will be commensurate with experience.

Interested applicants should submit C.V.s to:

Graeme Marshall  
Crosby Securities (UK) Limited  
3/F, 99 Aldwych  
London WC2B 4JF

CROSBY SECURITIES  
A LEADING FORCE IN ASIAN STOCKBROKING

HEAD OF  
FINANCE

London  
£37,500 + Bfts

Prominent multinational group seeks a proactive graduate ACA, aged 30-35 for Head of Finance role at a substantial subsidiary.

Essential requirements for this attractive position are:

proven experience of multi-office service/trading companies, strong financial control and management reporting ability; effective staff management and a sound appreciation of treasury and strategic planning matters.

FINANCIAL  
CONTROLLER

Edinburgh Area  
c.£32,000 + Car

A graduate qualified accountant with commercial flair and proven experience of manufacturing is sought for this influential appointment.

The vacancy, reporting to the General Manager, is with a key manufacturing business of a multinational group and is designed to strengthen the management team. Strong technical ability, exceptional interpersonal skills and the drive to succeed in a progressive environment are essential requirements. Age range 30-45.

For further information on these appointments, please contact Malcolm J. Hudson on 071-831 2223. To apply, fax your C.V. on 071-404 5773 or post it to him at Hudson Shribman, Vernon House, Sicilian Avenue, London WC1A 2QH. Applications for the vacancy in Scotland should arrive no later than 15th January.

HUDSON SHIRIBMAN

## Finance Manager

c £35,000 + Benefits

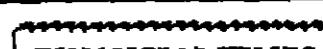
We are a successful young company providing technical services to manufacturers of electrical & electronic equipment. Despite the recession, we envisage a continuation of the rapid growth experienced to date and have now created a new position of Finance Manager to complement the existing management team.

The Finance Manager will take over responsibility for the existing accounting function as well as responsibility for financial planning and strategy. The position will also have responsibility for the development of information technology systems and certain aspects of personnel development.

The ideal candidate would be a Chartered Accountant with experience of financial planning for rapidly growing companies and the ability to apply a broad business perspective to financial decisions. A degree in a technical subject or a knowledge of the electronics industry would also be of assistance.

Please send C.V. to Box A669, Financial Times,

1 Southwark Bridge, London SE1 9HL.



Vous fait part d'un accord publicitaire avec les ECHOS le quotidien économique le plus important en France. Dans la rubrique "Offres d'emploi Internationales", une annonce conjointe dans le FINANCIAL TIMES et LES ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraîtront dans les Echos le mardi et dans le Financial Times le mercredi ou le jeudi (le vendredi dans l'édition internationale du Financial Times). Pour plus amples renseignements, veuillez contacter:

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**JERSEY ISIB RECOGNISER**

are in place unless otherwise indicated and those S with no prefix refer to U.S. dollars. Yields % for all buying expenses. Prices of certain older issues listed plain subject to capital gains tax on distribution free of UK taxes. A Periodic Premiums issues plain. A Single Premiums issues. B Premiums issues plain. C Premiums issues. D Premiums issues plain. E Premiums issues. F Premiums issues for Collective Investment Schemes. G Offered price less all expenses except agent's commission. H today's price +6 German gros. I Suspended. J Ex-admission. K Only available in convertible bonds. L Yield column shows current RAV increase, not dividend. M not SIS recognised. N regulatory authorities are not SIS recognised. O Financial Services Authority, London; Financial Services Authority, Central Bank of Ireland; Bank of Ireland; Financial Supervision Commission; Jersey, Financial Services Department; Luxembourg, Institut für Luxemburgische

## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Optimism over German move

**THE FRENCH** franc appreciated above the FF13.40 level against the D-Mark yesterday after the Bundesbank announced a cut in its main money market dealing rates, writes James Blitz.

The Bundesbank did not cut any of its officially posted rates yesterday. But a 15 basis point cut in the rate at which it offers fixed rate repurchase agreements, to 8.60 per cent, was hailed by some dealers yesterday as an extremely significant move.

Some argued that it may have ensured that the franc avoids devaluation and that the European Exchange Rate Mechanism will remain intact this year. "This marks the passing of the peak of the pressures in the ERM," said Mr Avinash Persaud, a currency economist at UBS Phillips and Drew in London. "It is the first clear sign that, when pushed to the limit, the Bundesbank will act to support the French franc."

Other market participants were not as enthusiastic. A leading fund manager in London who had taken a particularly bearish view about the franc's prospects, said he now felt "a little more comfortable" about holding the French currency.

But he added: "If there is no more easing in the repo rate within two weeks, the pressure on the system will return. Today's move has kept the pressure off for a week or two but no more."

The spontaneous reaction of currency dealers to the move was clearly positive. The franc rallied above the level of FF13.40 to the D-Mark for the first time since Christmas, and closed at FF13.3900.

However, the prospects of a currency deal avoiding a devaluation appeared to dealers to be even slimmer, despite the determination of Dublin's political leaders to hold the currency.

At the end of ERM trading, the central bank raised overnight rates from 50 per cent to 100 per cent as the currency traded for the second day running below its ERM floor against the Belgian franc.

How likely is the Bundesbank to ease policy again by the beginning of March?

Miss Alison Cottrell of Midland Global Markets believes that the Bundesbank will await the outcome of talks on the German budget and the wage round talk over the next fortnight. She believes that if the budget deal is resolved, an official rate cut could come at the council meetings on February 4th or 18th.

The strong dollar may bring residual pressure on the Bundesbank not to ease because of fears of imported inflation.

Some dealers were at a loss to explain why the dollar did not break above DM1.6365 on a day that the Bundesbank eased and the weekly jobless figure showed a drop to 291,000 in the week to December 26 from a 331,000 the week before.

Rumours that the Bundesbank has been selling dollars in recent days because of inflationary concerns, but this could not be substantiated.

## EMS EUROPEAN CURRENCY UNIT RATES

	Jan. 7	Latest	Previous Close
1. Special	0.8000	0.7975	0.7975
1 month	1.5250	1.5130	1.5130
3 months	2.54	2.53	2.53
12 months	3.95	3.86	3.86

Forward premiums and discounts apply to the US dollar

## C IN NEW YORK

	Jan. 7	Latest	Previous Close
1. Special	1.5250	1.5130	1.5130
1 month	2.54	2.53	2.53
3 months	3.95	3.86	3.86
12 months	5.92	5.81	5.81

Forward premiums and discounts apply to the US dollar

## STERLING INDEX

	Jan. 7	Latest	Previous Close
US Dollar	83.90	81.9	82.3
Canadian \$	91.00	89.4	89.4
Australian \$	92.95	91.77	91.77
French Franc	40.4000	40.2000	40.2000
D-Mark	11.40	11.30	11.30
Swiss Franc	1.05	1.05	1.05
Italian Lira	1.05	1.05	1.05
French Guilder	1.05	1.05	1.05
French Franc	1.05	1.05	1.05
Irish £	1.05	1.05	1.05

5 basis points refer to central bank rates. These are not used by the US, Saudi and Ireland.

1 European Commission Calculations

All 30th rates are for 30th

3.05-3.75%

## CURRENCY RATES

	Jan. 7	Bank 30th	Special 30th	European 30th	Currency Unit
U.S. Dollar	1.00	0.8000	0.7975	0.7975	
Canadian \$	2.72	1.75501	1.75502	1.75502	
Australian \$	2.75	1.7744	1.7744	1.7744	
French Franc	40.4000	40.2000	40.2000	40.2000	
D-Mark	1.05	1.05	1.05	1.05	
Swiss Franc	1.05	1.05	1.05	1.05	
Italian Lira	1.05	1.05	1.05	1.05	
French Guilder	1.05	1.05	1.05	1.05	
French Franc	1.05	1.05	1.05	1.05	
Irish £	1.05	1.05	1.05	1.05	

5 basis points refer to central bank rates.

These are not used by the US, Saudi and Ireland.

1 European Commission Calculations

All 30th rates are for 30th

3.05-3.75%

Commercial rates refer to the end of London trading. 30th forward rates 2.65-2.80p. 12 Month

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## NYSE COMPOSITE PRICES

Continued from previous page

Stock	Div. E	100s	High	Low	Clos. Chg.	Stock	Div. E	100s	High	Low	Clos. Chg.	Stock	Div. E	100s	High	Low	Clos. Chg.	Stock	Div. E	100s	High	Low	Clos. Chg.	Stock	Div. E	100s	High	Low	Clos. Chg.					
High/Low Stock	Div. E	100s	High	Low	Clos. Chg.	High/Low Stock	Div. E	100s	High	Low	Clos. Chg.	High/Low Stock	Div. E	100s	High	Low	Clos. Chg.	High/Low Stock	Div. E	100s	High	Low	Clos. Chg.	High/Low Stock	Div. E	100s	High	Low	Clos. Chg.					
145 - 150	13	100	1.75	276	175	15%	13	-1	67	43%	Tempelhoff	0.28	10	485	504	50	50	95	7%	70	Volkswagen	1.20	12.8	112	94	94	94	100	29	100	20.4	20.4	19	19.4
145 - 150	13	100	1.75	276	175	15%	13	-1	253	14%	Tempelhoff	0.22	41	154	154	154	154	124	10%	100	Volkswagen	0.85	7.4	264	111	111	111	111	100	100	20.4	20.4	19	19.4
145 - 150	13	100	1.75	276	175	15%	13	-1	101	8%	Tempelhoff	0.05	11.2	81	81	81	81	75	5%	70	Volkswagen	0.85	7.4	264	111	111	111	111	100	100	20.4	20.4	19	19.4
145 - 150	13	100	1.75	276	175	15%	13	-1	232	14%	Tempelhoff	0.20	33	170	170	170	170	204	10%	100	Volkswagen	0.85	7.4	264	111	111	111	111	100	100	20.4	20.4	19	19.4
145 - 150	13	100	1.75	276	175	15%	13	-1	204	10	TetraTone	2.07	21	150	150	150	150	201	12%	100	Vestar	0.05	0.6	1352	94	94	94	94	100	100	20.4	20.4	19	19.4
145 - 150	13	100	1.75	276	175	15%	13	-1	185	5%	TetraTone	0.05	0.6	1352	94	94	94	94	100	100	20.4	20.4	19	19.4										
145 - 150	13	100	1.75	276	175	15%	13	-1	45	4%	TetraTone	0.05	0.6	1352	94	94	94	94	100	100	20.4	20.4	19	19.4										
145 - 150	13	100	1.75	276	175	15%	13	-1	65	4%	TetraTone	0.05	0.6	1352	94	94	94	94	100	100	20.4	20.4	19	19.4										
145 - 150	13	100	1.75	276	175	15%	13	-1	2	2	TetraTone	0.05	0.6	1352	94	94	94	94	100	100	20.4	20.4	19	19.4										
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
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145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
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145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
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145 - 150	13	100	1.75	276	175	15%	13	-1	71	7%	Vestar	2.10	2.0	7.9	2100	204	204	204	204	100	100	20.4	20.4	19	19.4									
145 - 150	13	100	1.75																															

## AMERICA

## Economic data offset by short-term doubts

## Wall Street

INDECISION among investors about the near-term outlook for equities kept US share prices mostly unchanged yesterday, despite some more good economic news, writes *Patrick Harverson in New York*.

At 1pm, the Dow Jones Industrial Average was 1.63 higher at 3,306.79. The more broadly based Standard & Poor's 500 rose 0.58 to 239.41, while the Amex composite was 1.08 higher at 398.68, and the Nasdaq composite was up 3.45 at 685.30. Trading volume on the NYSE was again heavy at 1.75m shares by 1pm.

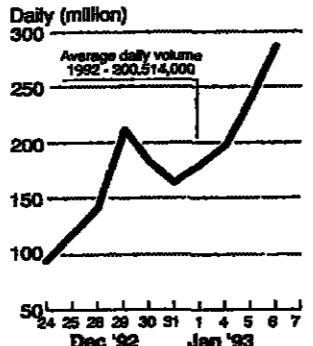
The morning's economic figures should have boosted sentiment. The 40,000 drop in weekly jobless claims had positive implications for labour market conditions and suggested that today's key employment report for December should show that the job picture is improving. News of stronger chain store sales and another big rise in consumer confidence was also part of the bright economic package.

But investors remain uncertain about the short-term future for stocks. Fears of a downward correction have been holding back buyers all

week, and good economic numbers were not enough to revive demand. Tension in the Middle East, and mid-morning computer program sell-off also contributed to the market's poor performance.

Philip Morris rose \$1.13 to \$73.14 in volume of 3m shares.

## NYSE volume



The stock rebounded after several days of heavy selling after the company reassured investors about the market position of its leading brand, Marlboro, and maintained its attacks on recent government claims about the dangers of "passive" smoking.

Charles Schwab jumped \$2.40 to \$23 after the discount broker

said that its fourth quarter profits will be about 53 per cent higher than a year ago, welcome news to investors after a disappointing third quarter.

Home Shopping Network dropped 5%, or more than 10 per cent to \$74.90 on the news that Justice Department has asked for more information on the pending sale of RMS's controlling interest in Home Shopping Network to Liberty Media.

Kaufman & Broad firmed 3% to \$17.17 after the home builder reported fourth-quarter profits of 41 cents a share, better than analysts had predicted.

On the Nasdaq market, Intel maintained its sparkling recent performance, rising \$3.14 to \$101.41, another new 52-week high, as investors bought in anticipation of strong sales for its new Pentium computer chip.

## Canada

TORONTO stocks were slightly lower at midday, as the TSE 300 composite index ended 2.69 lower at 3,350.32 in good volume of 2.3m shares. Among sub-indices, financial services and metals and minerals both fell, while oil and gas and industrial products were higher.

## EUROPE

## Limited effect from interest rate moves

YESTERDAY's interest rate changes had a limited effect on markets yesterday, writes *Our Markets Staff*.

FRANKFURT closed before the Bundesbank announced a further repo rate cut of 15 basis points. The later-closing DAX and bond futures markets responded with a slight fall.

Turnover rose from DM3.4bn to DM3.9bn. The DAX index fell 13.88 to 1,942.50. A swinging 1993 earnings downgrade for Daimler-Benz by James Capel caused the motor and aerospace group to drop DM8 to DM5.60.

Some analysts said that this downgrade, and the prospect of more to come, had made investors nervous. Furthermore, the market was trading on a 1993 p/e of 17-18, representing a premium to bonds and to foreign equity markets when German corporate prospects indicated a discount.

Siemens fell DM8.80 to DM88.20 and, like Daimler, fell further in London in the afternoon. Siemens is due to hold a news conference next Thursday.

PARIS fell as the Bundesbank's decision not to lower its leading interest rates prompted

## FT-SE Actuaries Share Indices

January 7	THE EUROPEAN SERIES									
	Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Closes	
FT-SE Eurotrack 100	1083.90	1084.31	1084.23	1083.95	1083.73	1082.76	1081.92			
FT-SE Eurotrack 200	1172.97	1174.37	1174.37	1172.38	1171.85	1170.02	1172.45	1171.50		
	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30		
FT-SE Eurotrack 100	1091.68	1090.07	1093.42	1093.35	1094.02					
FT-SE Eurotrack 200	1179.18	1180.16	1174.71	1169.11	1166.76					

Shares rose 100 (20/1000) Higher: 101 - 108.02; 200 - 117.84 Lower: 100 - 106.87; 200 - 117.54

DSM, seeking up to 1,000 redundancies, shed 50 cents to 15.16 to 1,044.47 in turnover of FT12.50.

Eurotunnel went against the trend, adding FF1.65 or 5.7 per cent to FF10.55 in the day's heaviest volume of 1.7m shares.

Dealers said that Eurotunnel's relatively high yield and its recent fall below FF130 had attracted attention. There were also hopes that the stock could benefit from some good news this year, when the tunnel's new conference next Thursday.

AMSTERDAM gained support in late trading from the Dutch central bank's cut in three key interest rates from today. The CBS Tendency index closed 0.2 higher at 97.6.

the financial daily, *Il Sole 24 Ore*, that both Fiat's car division and its overall industrial activities showed an operating profit in 1992. The report came as a surprise to some analysts, who rose L491 or 5.8 per cent to L8,990. Generali gave the market a little boost by shooting up to L30,100 in late trading, after having been fixed L315 higher at L29,20.

SME gained L85 to L5.845 as shareholders approved plans for splitting off parts.

ZURICH dropped by more than 2 per cent, the SMI index closing 45.1 lower at 2,079.4 on what London dealers described as "long overdue" profit-taking.

Pharmaceuticals fell first after falls in their US counterpart overnight, Ciba-Geigy losing SF19 to SF16.

The financial sector, already destabilised by the CS Holding bid for Swiss Volksbank, followed on disappointment with the Bundesbank's interest rate decision, and on the realisation that a half-point discount rate cut by the Swiss National Bank merely brought long term rates into line with shorts.

Fiat added L200 or 4.8 per cent to L4,330 on a report in

## ASIA PACIFIC

## Royal engagement improves mood in Tokyo

## Tokyo

THE announcement of the engagement of Japan's Crown Prince Naruhito improved the mood of the market after several dull days, but could not prevent the Nikkei average from slipping towards the close, writes *Bethan Hutton in Tokyo*.

The Nikkei finished down 1.90 at 16,789.02. It reached a high of 17,063.19, but a rush of selling in the last half-hour wiped out earlier gains to leave the Nikkei just above the day's low of 16,724.19.

Gaining stocks outnumbered losers for the first time this week, with 619 advancing against 318 declining, and 168 issues unchanged. Volume rose to an estimated 20m shares from 17.86m. The Topix index of all first section shares ended 6.38 up at 1,298.25, and in London the ISE/Nikkei 50 index lost 1.50 to 1,064.94.

News of the royal engagement, to be confirmed later this month, lifted the paper, printing and ink sectors, amid expectations of a boom in demand to meet the expanded press coverage of the bridal couple as well as souvenir issues to commemorate the wedding.

Mitsubishi Paper Mills rose Y2 to Y733, Takashita Paper Y16 to Y276 and Kanzaki Paper Y14 to Y619. Oji Paper, the sector leader, initially climbed to Y79 but fell back to close at Y67, down Y1.

The prospect of commemorative coins boosted metal shares. Sumitomo Metal Mining firm Y3 to Y645 and Mitsubishi Mining and Smelting put on Y10 at Y462.

Mitsukoshi and Takashimaya, two of the most up-market department stores, saw strong gains on hopes of a rush

of wedding gift and souvenir sales. Mitsukoshi closed Y23 ahead at Y733 and Takashimaya rose Y17 to Y876.

Consumer electronics also gained on the possibility of increased sales of high-definition televisions and other audio-visual equipment ahead of the ceremony, which is expected to attract large audiences.

The marriage of the present emperor in 1958 created a boom in sales of the then recently introduced colour televisions. Victor was the principal gainer, appreciating Y30 to Y809.

Hotel and restaurant operators rose on speculation that a copy-cat wedding boom could follow the royal engagement. More general hopes of an increase in consumer confidence as a result of the wedding announcement led to early gains in most sectors, but

TAIWAN closed 1.7 per cent lower, extending its 4.6 per cent drop on continued selling sparked by political tensions ahead of a cabinet reshuffle. The weighted index fell 52.88 to a 26-month low of 3,135.56. Turnover was a moderate T\$9.5bn, against T\$10.8bn.

The construction sector lost the most, with Pacific Construction falling T\$1 to T\$20.70.

HONG KONG remained weak, sapped by unconfirmed reports of a major placement

issues continued. The composite index rose 14.79 to 1,232.21 in turnover of 242m pesos.

AUSTRALIA recovered in late trading as the local currency strengthened against the US dollar. The All Ordinaries index ended 11.2 off at 1,530.9

in turnover of A\$30.4m.

News Corp remained under pressure following a negative report by a US broker, losing 38 cents to A\$27.72. BHP shed 18 cents to A\$13.14.

BANGKOK was lifted by a strong banking sector. The SET index closed 10.21 higher at 914.32 in Bt10.4bn turnover.

Bangkok Bank climbed Bt3.50 to Bt101, Thai Farmers Bank rose Bt16 to Bt48 and Siam Commercial Bank gained Bt7 at Bt1.68.

NEW ZEALAND weakened after a rise in interest rates. The NZSE 40 index ended 3.27 lower at 1,553.80.

SINGLES HIGHLAND MALT SCOTCH WHISKY.

## GLENMORANGIE

GEORGE THOMSON, Assistant Manager.



A MILE FROM THE DISTILLERY, up a lane and along a path past a woodman's cottage, lies the tree-fringed pool that supplies Glenmorangie's water. Here George Thomson, a contemplative man, walks in all weathers to observe the level of the water which comes welling up in lazy bubbles as if puffed by a spirit below.

This water, mineral rich, purified by lime-stone in cool trickles underground, derives from rain that fell at least two generations and possibly two centuries ago. George enjoys this sense of antiquity. If we bottled the water, we could probably sell it at Christie's; he chuckles. But it's far too valuable for that.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 6 1993										TUESDAY JANUARY 5 1993										DOLLAR INDEX									
	US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg	US Dlr. Yield	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg	1992/93 High	1992/93 Low	1992/93 Avg	1992/93 High	1992/93 Low	1992/93 Avg	1992/93 High	1992/93 Low	1992/93 Avg								
Australia (58)	121.07	-2.4	116.40	95.85	102.88	120.54	-1.7	4.03	124.03	118.98	98.04	104.79	122.59	153.68	126.18	151.25	126.18	151.25	126.18	151.25	126.18	151.25	126.18	151.25	126.18	151.25	126.18	151.25		
Austria (18)	151.94	-0.4	127.41	109.91	102.88	11																								